
10-K REPORT

PUBLISHED 2024

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

UNITED STATES GOVERNMENTS

PREPARED BY



USA **FACTS**

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As of September 30, 2021, 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 \$23.9 trillion.

United States Governments
10-K Report
For the Fiscal Year Ended September 30, 2021

Index

	<u>Page</u>
PART I	
About This Report	1
Item 1. Purpose and Function of Our Government	2
Item 1A. Risk Factors	62
Item 1C. Cybersecurity	72
Item 2. Properties	74
Item 3. Legal Proceedings	77
PART II	
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	78
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	180
Item 8. Financial Statements and Supplementary Data	183
Item 9A. Controls and Procedures	253
PART III	
Item 10. Executive Officers and Governance	253
Item 11. Executive Officer Compensation	254
Item 13. Certain Relationships and Related Transactions, and Director Independence	255
PART IV	
Item 15. Exhibits	255

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, 2021, 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 2021 and 2023. 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 the COVID-19 pandemic impact on data collection and reporting activities, including the American Community Survey (ACS). For the year 2020, the Census Bureau released experimental estimates for the 1-year data. USAFacts decided not to use these experimental estimates because the Census Bureau has stated they are experimental only and should not be compared to any other ACS data.

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 335 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

THE CONGRESS
SENATE | HOUSE
100 Senators
435 Representatives

Architect of the Capitol
United States Botanic Garden
Government Accountability Office
Government Publishing Office
Library of Congress
Congressional Budget Office

EXECUTIVE BRANCH

THE PRESIDENT
THE VICE PRESIDENT
EXECUTIVE OFFICE OF THE PRESIDENT
15 Cabinet Members

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 Science and Technology Policy
Office of the US Trade Representative

JUDICIAL BRANCH

**THE SUPREME COURT OF
THE UNITED STATES**
9 Justices

United States Courts of Appeals
United States District Courts
United States Court of Appeals for the Armed Forces
United States Court of Appeals for Veterans Claims
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
United States Tax Court

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 International Development Finance Corporation 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 Pension Benefit Guaranty Corporation Railroad Retirement Board Securities and Exchange Commission Smithsonian Institution Tennessee Valley Authority US Postal Service
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IN CONSERVATORSHIP

Fannie Mae Freddie Mac

SIGNIFICANT RELATED ENTITIES

The Federal Reserve The Farm Credit System
Federal Home Loan Banks

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 structure¹

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.

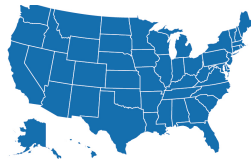
Every state except one has a bicameral legislature made up of two chambers: a smaller upper house and a larger lower house. Together the two chambers make state laws and fulfill other governing responsibilities. The smaller upper chamber is always called the Senate, and its members generally serve longer 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 structure²

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 (90,837)

GENERAL PURPOSE GOVERNMENTS (38,736)	SPECIAL DISTRICT GOVERNMENTS (52,101)	
County (3,031)	Independent School Districts (12,546)	
Municipality (19,491)	Other Special Districts (39,555)	
Township (16,214)	<ul style="list-style-type: none"> Air transportation Cemeteries Corrections Electric power Fire protection Gas supply Health Highways Hospitals Housing and community development Industrial development 	<ul style="list-style-type: none"> Libraries Mortgage credit Natural resources Parking facilities Parks and recreation Sea and inland port facilities Sewerage Solid waste management Transit Water supply

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 revenue³

For most taxes, Congress does not need to pass a new law every year authorizing the Internal Revenue Service (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* (ACA) 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 reduced the top individual income tax rate from 39.6% to 37%, changed the income tax brackets associated with each tax rate, increased the child tax credit, and provided 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 2024, the payroll tax cap was \$168,600 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 2024, 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 million).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 27 – 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 27 – 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 the Supplemental Nutrition Assistance Program (SNAP) (formerly 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 2021, they accounted for approximately 75% 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 2023, which reports that for tax year 2021: "The highest marginal tax rate used by a state was 12.3% in California. Hawaii had the greatest number of tax brackets at 12. Nine states imposed a single (flat) tax rate on all taxable income, while one state (Massachusetts) had three flat tax rates (and one optional higher rate), 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 2021, it found: "In thirty 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 Baltimore, Maryland would receive a refund of \$1,628, 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 \$1,728, or 6.9% in Philadelphia, Pennsylvania, and next at \$996, or 4.0% in Louisville, Kentucky. At the \$150,000 income level, the burden ranges from a low of \$1,163, or 0.8% of income in Fargo, North Dakota, to \$11,176 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 2021, Iowa, Pennsylvania, Minnesota, Illinois, Alaska, and New Jersey had the highest statutory corporate income tax rates, each at 9% or higher. Only two states, North Carolina and Florida, had statutory corporate income tax rates below 4%. Ohio, Nevada, South Dakota, Texas, Washington, and Wyoming have no corporate income tax. 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). There are widely available exemptions that are not available to all homeowners, such as senior citizen

exemptions or credits for disabled persons. Nationally, for owner-occupied housing, the typical real estate tax rate paid is approximately 1% of the home value. In 2021, for the largest city in each state as a group, the median effective residential property tax rate was 1.36%, while the unweighted average rate was 1.51%. These tax rates vary widely by city and state. In 2021, the highest effective residential property tax rate, among the largest cities in each state, was in Detroit, MI at 3.48%, 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. California, Illinois, Washington, Alabama, Louisiana, Tennessee, Arkansas, and South Carolina have the highest combined state and local general sales tax rates, ranging from 10.75% to 9.0%. Hawaii has the lowest rate at 4.5%. 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, 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, cannabis, and others;
- licenses, including those for motor vehicle and operator registration, hunting and fishing, general business, occupation, alcoholic beverages, cannabis, 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 money⁷

State budgets are approved anew each year, or every other year in states with a two-year or “biennial” budget. 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 Reserve⁸

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 and during the height of COVID-19 in 2020, 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, 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,	2020	2021	2022
Assets			
Treasury securities	\$ 5,255	\$ 6,052	\$ 5,056
Agency- and Government-sponsored enterprise (GSE)-backed securities	2,167	2,681	2,293
Debt securities	7,422	8,733	7,349
Other assets	235	178	154
Total assets	\$ 7,657	\$ 8,911	\$ 7,503
Liabilities and net worth			
Depository institution reserves	\$ 2,995	\$ 3,644	\$ 2,684
Deposits and currency	4,045	2,908	2,983
Security repurchase agreements	216	2,183	2,890
Other liabilities	11	12	(11)
Total liabilities	7,267	8,747	8,546
Net worth	390	164	(1,043)
Total liabilities and net worth	\$ 7,657	\$ 8,911	\$ 7,503

The Federal Reserve's balance sheet consists mostly of longer-term assets and very short-term liabilities. Typically, longer-term assets have higher yields than short-term liabilities do, so net income is positive. But net income has been negative since September 2022 because interest rates rose sharply in 2022. Thus, the interest rate it pays on bank reserves and reverse repos became higher than the yield on securities acquired when interest rates were much lower. The yield on the Federal Reserve's assets will eventually exceed the yield on its liabilities again because short-term interest rates will fall or low-yielding assets on the Federal Reserve's balance sheet will eventually mature and be replaced by higher yielding assets. At that point, net income will become positive again, but projections suggest that may take a few years. Private companies

hold capital to prevent losses from causing insolvency. Losses do not affect the Federal Reserve's ability to honor its liabilities (as with a private company), and its creditors cannot compel it to declare bankruptcy when losses exceed capital. Partly because of the statutory limit on its surplus, the Federal Reserve holds very little capital relative to its liabilities, and losses since September 2022 have been larger than its entire surplus. But unlike a private company, the Federal Reserve does not reduce its capital, become insolvent, or require a capital infusion to maintain solvency in response to losses. Instead, under its accounting conventions, it registers the losses as a deferred asset. Positive net income in future years would be directed to eliminating this deferred asset instead of being remitted to Treasury. Thus, positive net income will resume before remittances to Treasury.

Government-sponsored enterprises

A 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.

GSE 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 the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (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 (FHLBanks), Fannie Mae, Freddie Mac, the Federal Agricultural Mortgage Corporation (Farmer Mac), the Farm Credit System (Farm Credit), 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 Banks⁹

The 11 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, 2023, 2022, and 2021, the FHLBanks had outstanding advances of \$810 billion, \$819 billion, and \$351 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 \$752 million, \$355 million, and \$201 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Fannie Mae and Freddie Mac

Fannie Mae¹⁰

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 may take the form of one or more of the following: (1) insurance or guaranty by a qualified insurer on the portion of the unpaid principal balance of a mortgage loan that exceeds 80% of the property value; (2) a seller's agreement to repurchase or replace the loan in the event of default; or (3) retention by the seller of at least a 10% participation interest in the loan. 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 (FHA) 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 Mac¹¹

Freddie Mac is a publicly-traded GSE chartered by Congress in 1970 with a mission to provide liquidity, stability, and affordability to the US housing market. Freddie Mac does this primarily by purchasing single-family and multi-family residential mortgage loans originated by lenders. In most instances, Freddie Mac will package these 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.

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

Conservatorship¹²

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 System¹³

Farm Credit is a nationwide network of 70 independent customer-owned lending institutions, providing more than \$350 billion in loans, leases, and related services to over 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 Mac¹⁴

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, 2023, its total outstanding business volume was \$28 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	2020	2021	2022	2023
Old Age and Survivors Insurance								
Total benefits paid (in millions, calendar year)	\$ 105,074	\$ 222,993	\$ 352,706	\$ 577,448	\$ 952,388	\$ 993,167	\$ 1,088,170	\$ 1,227,389
Number of recipients	30,631,213	35,441,163	38,676,621	43,621,258	55,018,400	55,787,260	56,843,693	na
Average monthly benefit per recipient	\$ 304	\$ 525	\$ 759	\$ 1,107	\$ 1,446	\$ 1,487	\$ 1,598	\$ 1,760
Disability Insurance								
Total benefits paid (in millions, calendar year)	\$ 15,437	\$ 24,803	\$ 54,938	\$ 124,191	\$ 143,487	\$ 139,996	\$ 143,475	\$ 151,845
Number of recipients	4,699,942	4,225,933	6,624,978	10,034,403	9,731,824	9,338,766	8,949,221	na
Average monthly benefit per recipient	\$ 269	\$ 437	\$ 625	\$ 922	\$ 1,126	\$ 1,153	\$ 1,232	\$ na
Total Social Security								
Total benefits paid (in millions, calendar year)	\$ 120,511	\$ 247,796	\$ 407,644	\$ 701,639	\$ 1,095,875	\$ 1,133,163	\$ 1,231,645	\$ 1,379,234
Number of recipients	35,331,155	39,667,096	45,301,599	53,655,661	64,750,224	65,126,026	65,792,914	na
Average monthly benefit per recipient	\$ 299	\$ 515	\$ 740	\$ 1,072	\$ 1,398	\$ 1,439	\$ 1,548	\$ na

¹ 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 OASI fund and the DI fund. While the two are legally separate, they are often referred to together as Old Age, Survivor, and Disability Insurance (OASDI).

In 2021, Social Security payments were \$1,135 billion or 12% of our Government's aggregate expenditures. Partially offsetting Social Security expenditures (but shown separately as revenue in our income statement), is \$972 billion of Social Security tax receipts, which comprised 13% of our Government's aggregate revenue.

Eligibility and enrollment¹⁵

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 2021: "A total of 30 states...exempted social security income from taxation. Thirteen states taxed social security benefits in 2021. Two 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. The other eleven states provided their own taxation treatment, including eight states that completely excluded all benefits for taxpayers with income below certain state-specific thresholds."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 78% for very low earners, to about 42% for medium earners, and about 28% 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 program¹⁶

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 and a payment deferral. 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 *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act) allowed employers to defer the deposit and payment of the employer's share of Social Security taxes, and self-employed individuals to defer payment of certain self-employment taxes. The payroll tax deferral period began on March 27, 2020 and ended on December 31, 2020. Half of the employer's deferred taxes was due on January 3, 2022, and the other half was due on January 3, 2023. Under separate COVID-related relief, employers were allowed to defer payment of employee's Social Security taxes on certain wages. Repayment of the employee's portion of the deferred taxes started January 1, 2021 and continued through December 31, 2021. If the employer did not repay the deferred portions on time, penalties and interest applied to any unpaid balance.

PART I
Item 1

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	2020	\$ 137,700	2021	\$ 142,800	2022	\$ 147,000	2023	\$ 160,200
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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 2023, the OASDI trust funds had an aggregate balance of \$2.8 trillion.

Old-Age and Survivors Insurance and Disability Insurance trust funds

Fiscal year (In millions)	1980	1990	2000	2010	2020	2021	2022	2023
Total cash income¹	\$ 117,439	\$ 307,921	\$ 561,321	\$ 788,061	\$ 1,103,086	\$ 1,080,305	\$ 1,203,076	\$ 1,332,947
Social insurance and retirement receipts (payroll taxes)	113,209	281,656	480,584	631,687	965,428	952,323	1,065,975	1,193,755
Intergovernmental receipts:	4,230	26,265	80,685	156,281	137,534	127,954	137,079	139,168
Government employer share of employee retirement	1,204	5,567	7,637	14,936	19,134	19,890	20,829	21,679
Interest	2,340	15,991	59,796	118,502	78,804	73,253	67,738	66,507
Other	686	4,707	13,252	22,843	39,596	34,811	48,512	50,982
Other cash income	—	—	52	93	124	28	22	24
Total cash outgo¹	\$ 118,559	\$ 249,705	\$ 409,473	\$ 706,351	\$ 1,095,562	\$ 1,134,687	\$ 1,218,615	\$ 1,354,565
Benefit payments	115,514	243,263	402,104	695,459	1,084,212	1,123,248	1,206,152	1,341,569
Payments to railroad retirement	1,442	3,049	3,697	4,392	4,988	4,899	5,472	5,636
Interest payments	—	1,082	—	—	—	—	—	—
Administrative expenses	1,494	2,273	3,606	6,390	6,156	6,445	6,816	7,148
Beneficiary services and other	109	38	66	110	206	95	175	212
Surplus (deficit)	\$ (1,120)	\$ 58,216	\$ 151,848	\$ 81,710	\$ 7,524	\$ (54,382)	\$ (15,539)	\$ (21,618)
Adjustment to balances	—	—	—	3	(71)	70	(3)	1
Fund balance, end of year:	\$ 32,260	\$ 214,900	\$ 1,006,852	\$ 2,585,484	\$ 2,908,174	\$ 2,853,862	\$ 2,838,320	\$ 2,816,703
Invested balance	31,251	215,222	1,007,226	2,586,333	2,908,422	2,853,817	2,838,280	2,816,655
Uninvested balance	1,009	(322)	(374)	(849)	(248)	45	40	48

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.

[#] 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.

Due to the gradual aging of the population and other factors, 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*.

Medicare¹⁷

Fiscal year (In thousands)	1980	1990	2000	2010	2020	2021	2022
Total enrollment by part¹	28,433	34,251	39,688	47,720	62,887	63,974	65,042
Part A (Hospital Insurance)	28,002	33,747	39,257	47,365	62,543	63,621	64,679
Part B (Medical Insurance)	27,278	32,567	37,335	43,882	57,320	58,383	59,491
Part C (Private Insurer-Provided Medicare)	na	2,017	6,856	11,693	25,075	27,548	29,845
Part D (Outpatient Prescription Drug Insurance)	na	na	na	34,772	48,679	49,950	51,370

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.

[#] Source: Office of Management and Budget.

PART I
Item 1

^{†††} 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 2022, Medicare provided benefits to 65 million Americans, 88% (57 million) of whom were age 65 and older and 12% (8 million) of whom were disabled.

In 2021, Medicare payments (net of premiums of \$123 billion) were \$822 billion or 9% of our Government's aggregate expenditures. Partially offsetting these expenditures (but shown separately as a payroll tax revenue in our income statement) were \$300 billion of Medicare tax receipts, which comprised 4% 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 64 million enrollees as of 2021; 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 58 million enrollees as of 2021; and
 - Part D is the newest addition to the Medicare program (introduced January 1, 2006) and provides subsidies for prescription drugs, with 50 million enrollees as of 2021.

Medicare Part C (aka Medicare Advantage) is a privately-run health insurance option available via Medicare, with 28 million enrollees as of 2021. 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.

The Centers for Medicare and Medicaid Services (CMS) expanded the existing Accelerated and Advance Payments Program (AAPP) to a broader group of Medicare suppliers and providers due to COVID-19, from March 28, 2020 to October 8, 2020. An accelerated or advance payment is a payment intended to provide necessary funds when there is a disruption in claims submission and/or claims processing. CMS can also offer these payments in circumstances such as national emergencies or natural disasters to accelerate cash flow to the impacted health care providers and suppliers. The CARES Act amended the existing AAPP to provide additional benefits and flexibilities, including extended repayment timeframes, to the subset of providers specifically referenced in the CARES Act, including inpatient hospitals, children's hospitals, certain cancer hospitals, and critical access hospitals, and resulted in the establishment of the COVID-19 Accelerated and Advance Payments (CAAP) Program. As of October 8, 2020, CMS no longer accepted applications for CAAP, although CMS continued to monitor the ongoing impacts of COVID-19 on the Medicare provider and supplier community.

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* 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:

- \$278 per month (as of 2024) for those with 30 – 39 quarters of Medicare-covered employment, or
- \$505 per month (as of 2024) 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 2024 are \$174.70 to \$594.00 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 ACA*.
- 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 (14% of funding in 2022) and transfers from states (11% of funding in 2022). 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 2023, the HI (Part A) trust fund had a balance of \$192 billion and the SMI (Parts B and D) trust fund had a balance of \$158 billion, for a combined balance of \$350 billion.

Fiscal year (In millions)	1980	1990	2000	2010	2020	2021	2022	2023
Total cash income	\$ 35,690	\$ 125,170	\$ 248,921	\$ 505,217	\$ 839,756	\$ 926,006	\$ 1,050,283	\$ 1,033,000
Social insurance and retirement receipts (payroll taxes)	23,217	68,029	135,529	180,068	291,778	294,818	339,145	357,762
Excise taxes (SMI)	—	—	—	—	3,167	2,790	2,804	2,797
Intergovernmental receipts:	9,529	45,531	91,333	250,528	400,783	449,162	480,447	495,288
Government employer share for government employee retirement ¹	249	2,153	2,630	4,042	4,719	4,880	5,089	5,322
Interest	1,477	9,370	13,630	17,602	7,535	4,553	6,323	9,753
Federal payment (OASDI taxes)	—	—	8,787	13,760	26,941	24,975	32,775	34,968
Federal contributions and other	7,803	34,008	66,286	215,124	361,588	414,754	436,260	445,245
Premium income	2,944	11,607	21,907	65,307	128,506	134,666	150,738	157,342
Other cash income ²	—	3	152	9,314	15,522	44,570	77,149	19,811
Total cash outgo	\$ 35,034	\$ 109,709	\$ 219,022	\$ 525,640	\$ 919,434	\$ 875,361	\$ 982,527	\$ 1,024,287
Benefit payments	33,937	107,172	214,867	518,832	909,815	865,486	972,293	1,013,248
Administrative expenses ³	1,080	2,298	3,042	5,279	6,915	7,127	7,278	7,839
Other	17	239	1,113	1,529	2,704	2,748	2,956	3,200
Surplus (deficit)	\$ 656	\$ 15,461	\$ 29,899	\$ (20,423)	\$ (79,678)	\$ 50,645	\$ 67,756	\$ 8,713
Adjustment to balances	—	—	—	22	1	(1)	—	—
Fund balance, end of year	\$ 19,029	\$ 110,158	\$ 213,968	\$ 350,842	\$ 223,270	\$ 273,914	\$ 341,671	\$ 350,385
Invested balance	19,214	110,535	213,934	349,203	221,212	306,845	345,361	353,899
Uninvested balance	(185)	(377)	34	1,639	2,058	(32,931)	(3,690)	(3,514)

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.

² Source: Office of Management and Budget.

³ 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.

Due to the gradual aging of the population, rising costs of healthcare, and other factors, 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 2027. 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	2020	2021	2022
Medicaid							
Spending (in billions) ¹	\$ 25.2	\$ 72.2	\$ 206.2	\$ 401.5	\$ 682.7	\$ 748.2	\$ 824.2
Average monthly enrollment (in millions) ¹	19.6	22.9	34.5	54.5	75.3	86.3	94.1
Spending per enrollee ¹ (calendar year)	\$ 1,285	\$ 3,147	\$ 5,972	\$ 7,361	\$ 9,070	\$ 8,672	\$ 8,757
Total beneficiaries (in thousands of people)²	21,605	25,255	41,212	63,730	81,316	85,007	na
Children	9,333	11,220	18,528	30,024	30,126	31,458	na
Adults	4,877	6,010	8,538	15,368	30,830	34,225	na
Disabled	2,911	3,718	6,688	9,341	8,703	8,728	na
Aged	3,440	3,202	3,640	4,289	6,574	6,846	na
Unknown	1,044	1,105	3,817	4,709	5,083	3,749	na
Total enrollees (in thousands of people, to the nearest 100,000)	19,600	22,900	34,500	54,500	75,300	86,300	94,100
Children	na	na	16,100	26,400	28,900	29,300	29,600
Adults	na	na	6,900	13,100	15,800	15,900	16,000
Newly eligible adults	na	na	—	—	13,200	13,300	13,400
Disabled	na	na	6,700	9,200	11,000	11,100	11,200
Aged	na	na	3,600	4,900	6,400	6,600	6,900
Territories	na	na	900	1,000	1,400	1,400	1,400
State fiscal year	1980	1990	2000	2010	2020	2021	2022
Medicaid share of state budgets (all federal and state funds) ³	na	12.5%	19.1%	22.2%	28.4%	26.9%	na
Medicaid share of state budgets (state general funds only; no federal) ⁴	na	9.5%	15.0%	14.8%	19.1%	17.9%	na
Medicaid as share of state budgets (all state funds; no federal) ³	na	6.9%	11.0%	11.6%	15.1%	14.4%	na
CHIP							
Children enrolled (in millions)	na	na	3.4	7.7	9.1	na	na

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.

¹¹ Source: CMS.

¹¹¹ 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 data for fiscal years 2000 – 2022 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 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 CHIP, provides health coverage to more than 88 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 2021, Medicaid and CHIP payments were \$722 billion or 8% of our Government's aggregate expenditures.

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 2023, 39 states and the District of Columbia 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 ACA.

- *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 (PTC) 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 14 states to 319% in District of Columbia
- *Pregnant women* – ranging from 133% in three 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 20 states that don't offer CHIP to children* – ranging from 185% in Idaho to 400% in New York
- *Pregnant women* – only seven states offer – ranging from 200% in two states to 300% in two states

The FPL for 2023 ranges from \$14,580 for individuals to \$50,560 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.

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. The expiration of the continuous enrollment condition authorized by FFCRA presents the single largest health coverage transition event since the first open enrollment period of the ACA. As a condition of receiving a temporary 6.2% Federal Medical Assistance Percentage increase under the FFCRA, states were required to maintain enrollment of nearly

all Medicaid enrollees during the COVID-19 public health emergency. The *Consolidated Appropriations Act, 2023*, delinked the end of the FFCRA's Medicaid continuous enrollment condition from the end of the COVID-19 public health emergency. As a result, the Medicaid continuous enrollment condition ended on March 31, 2023. Thereafter, states resumed normal operations, including restarting full Medicaid and CHIP eligibility renewals and terminations of coverage for individuals who are no longer eligible. Beginning April 1, 2023, states are able to terminate Medicaid enrollment for individuals no longer eligible. States had up to 12 months to return to normal eligibility and enrollment operations.²⁰

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 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	2020	2021	2022	2023
Total benefits (in millions)	\$ 8,721	\$ 14,143	\$ 14,983	\$ 64,702	\$ 74,157	\$ 107,932	\$ 113,973	\$ 107,063
Average monthly recipients (in thousands)	21,082	20,049	17,194	40,302	39,853	41,604	41,208	42,153
Average monthly benefits per person	\$ 34	\$ 59	\$ 73	\$ 134	\$ 155	\$ 216	\$ 230	\$ 212

[†] 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.

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 \$291, 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.

Beginning at the start of COVID-19 and through June 2023 (one month after the public health emergency was lifted on May 11, 2023), Food and Nutrition Service (FNS) approved administrative flexibilities to assist states in ensuring access to SNAP was maintained despite rising caseloads and challenges associated with social distancing and remote operations.²¹ Additionally, the USDA approved States to issue emergency nutrition benefits to households with children that lost access to free or reduced-price school meals because of school closures through Pandemic Electronic Benefit Transfer (P-EBT) benefits. The number of households qualifying for free or reduced-price meals, and therefore P-EBT, may have increased due to a USDA pandemic waiver, which provided free school meals to all students during fiscal years 2021 and 2022, regardless of their household's income.

In 2021, SNAP payments were \$122 billion or 1% of our Government's aggregate expenditures.

Eligibility and enrollment²²

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

FNS 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 \$2,750 in countable resources, such as a bank account, or \$4,250 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 FPL, 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, veterans, individuals experiencing homelessness, individuals age 24 or younger and in foster care on their 18th birthday, 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 (UI)²³

Calendar year	1980	1990	2000	2010	2020	2021	2022
Regular Benefits							
Total # weeks claimed (in thousands)	148,952	115,954	96,007	203,149	470,802	135,813	62,017
Average weekly benefit (non-partial)	\$ 100	\$ 162	\$ 221	\$ 299	\$ 319	\$ 350	\$ 401
Aggregate benefits paid (in millions)	\$ 14,191	\$ 17,956	\$ 20,479	\$ 57,891	\$ 138,991	\$ 41,906	\$ 23,244
Extended Benefits							
Total # weeks claimed (in thousands)	17,940	247	28	31,786	12,380	25,276	628
Average weekly benefit (non-partial)	\$ 98	\$ 105	\$ 182	\$ 295	\$ 339	\$ 340	\$ 424
Aggregate benefits paid (in millions)	\$ 1,704	\$ 30	\$ 4	\$ 8,919	\$ 4,157	\$ 7,858	\$ 156
Emergency Benefits							
Total # weeks claimed (in thousands)	—	—	—	237,307	95,461	186,108	2,120
Average weekly benefit (non-partial)	\$ —	\$ —	\$ —	\$ 289	\$ 300	\$ 304	\$ 335
Aggregate benefits paid (in millions)	\$ —	\$ —	\$ —	\$ 70,229	\$ 28,659	\$ 56,601	\$ 710
CARES Act COVID-19 Pandemic Benefits							
Aggregate benefits paid (in millions)	\$ —	\$ —	\$ —	\$ —	\$ 362,582	\$ 210,201	\$ 982
Total Benefits (All Types)							
Aggregate UI benefits paid (in millions)	\$ 15,895	\$ 17,986	\$ 20,483	\$ 137,039	\$ 534,389	\$ 316,566	\$ 25,092

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^{**} 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 UI programs provide benefits to eligible workers who become unemployed through no fault of their own (as determined under State Law) and meet certain other eligibility requirements. UI 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 seven additional weeks (20 weeks maximum) of extended benefits during periods of extremely high unemployment. Some states provide additional benefits for specific purposes.

According to the Bureau of Economic Analysis, 2021 and 2020 UI payments were elevated as a 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 from March 28, 2020 through July 31, 2020 as part of 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.

In 2021, UI payments were \$388 billion or 4% of our Government's aggregate expenditures.

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 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 2023, 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, 2023, the aggregate state UI trust fund balance was \$65 billion. Since January 1, 2020, 22 states and one insular area depleted their UI funds and took advances totaling \$94 billion from the federal government to continue to pay benefits. As of December 31, 2023, three states and one insular-area UI program still had a total of \$27 billion in outstanding federal loans. One state had outstanding private borrowings totaling \$2 billion. During 2023, the states earned a total of \$1,406 million on their UI trust fund investments and incurred a total of \$436 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	2020	2021
Total EITC claims (in millions)	\$ 1,986	\$ 7,542	\$ 32,296	\$ 59,562	\$ 59,240	\$ 65,684
Total EITC claims for returns with children (in millions)	\$ 1,986	\$ 7,542	\$ 31,593	\$ 57,809	\$ 56,985	\$ 53,257
Number of EITC returns (in thousands)	6,954	12,542	19,277	27,368	26,026	32,216
Number of EITC Returns with children (in thousands)	6,954	12,542	15,872	20,720	18,389	17,108
Average amount of EITC	\$ 286	\$ 601	\$ 1,675	\$ 2,176	\$ 2,276	\$ 2,039
Average amount of EITC for returns with children	\$ 286	\$ 601	\$ 1,990	\$ 2,790	\$ 3,099	\$ 3,113

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[#] Source: IRS.

^{###} 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.

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, 2023, are:

- \$7,430 with three or more qualifying children;
- \$6,604 with two qualifying children;
- \$3,995 with one qualifying child; and
- \$600 with no qualifying children.

The *American Rescue Plan Act of 2021 (ARP)* temporarily (for 2021 only) expanded the EITC for workers without qualifying children to a maximum federal credit amount of \$1,502. Also, individuals were allowed to figure the EITC using their 2019 earned income if it was higher than their 2021 earned income, which may have provide a larger credit.

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 \$11,000 in investment income for the year (as of 2023). In addition, earned income and AGI for 2023 must each be less than:

If filing	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, Head of Household or Widowed	\$ 17,640	\$ 46,560	\$ 52,918	\$ 56,838
Married Filing Jointly	\$ 24,210	\$ 53,120	\$ 59,478	\$ 63,398

For 2021 only, EITC was generally available to filers without qualifying children with earned income below \$21,430; \$27,380 for spouses filing a joint return.

Non-financial qualifications

Non-financial qualifications include having a valid Social Security number, being a US citizen or a resident alien, not having foreign earned income, as well as special qualifying rules for military and clergy members and taxpayers with disabilities. To read more 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>.

As noted above, the ARP expanded the EITC for workers without qualifying children for 2021 only. It also reduced the minimum age of eligibility from 25 to 19 and had no age limit cap for most workers.

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-eight 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.

In 2021, EITC payments were \$61 billion or 1% of our Government's aggregate expenditures.

Premium Tax Credit (PTC)²⁷

Calendar year	2017	2018	2019	2020	2021
Total PTC claims (in millions)	\$ 28,756	\$ 41,772	\$ 40,520	\$ 32,175	\$ 52,347
Number of PTC returns (in thousands)	5,336	5,362	5,182	4,153	7,418
Average amount of PTC	\$ 5,390	\$ 7,790	\$ 7,819	\$ 7,748	\$ 7,057

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^{**} Source: IRS.

PTC is a refundable tax credit that began in 2014 in connection with the ACA. 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 PTC 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, 2023, are:

- \$7,430 with three or more qualifying children;
- \$6,604 with two qualifying children;
- \$3,995 with one qualifying child; and
- \$600 with no qualifying children.

In response to the COVID-19 pandemic, the ARP capped at 8.5% the share of household income a family must pay toward Marketplace insurance premiums before the PTC applies (calculated using the cost of a “benchmark plan,” the second-lowest cost Silver plan in the consumer’s area in the Marketplace). The ARP also reduced the percentage of household income eligible taxpayers, at all income levels, are expected to contribute to their monthly Marketplace insurance premiums before the PTC applies. For example, consumers with household incomes between 100% to 150% of the FPL may be eligible for coverage options with \$0 premiums after advance payments of PTCs. Under the ARP, the enhanced PTC provisions were applicable for 2021 and 2022 plan years, and the *Inflation Reduction Act* (IRA) extended these same provisions through the 2025 plan year.

Eligibility and enrollment

You are eligible for the PTC 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

Prior to 2021, individuals and families were eligible for the PTC if their household income for the year was at least 100% but no more than 400% of the FPL for their family size. In response to the COVID-19 pandemic, the ARP made the PTC available to eligible taxpayers with household income above 400% of the FPL for 2021 and 2022 plan years, a provision that was then extended by the IRA through the 2025 plan year. Some consumers making more than 400% of the FPL may not receive tax credits if the cost of the benchmark plan is less than the 8.5% of their household income that they need to contribute toward the premium.

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	2020	2021	2022
Total payments (in millions):	\$ 7,770	\$ 16,200	\$ 32,200	\$ 51,400	\$ 58,900	\$ 57,800	\$ 60,000
Blind or disabled	5,140	12,600	27,400	45,600	52,500	51,500	53,100
Aged	2,630	3,550	4,720	5,740	6,400	6,340	6,900
SSI federal payments ¹	\$ 5,920	\$ 12,900	\$ 28,800	\$ 47,800	\$ 56,400	\$ 55,400	\$ 57,100
SSI federally administered state supplementation payments	\$ 1,850	\$ 3,240	\$ 3,380	\$ 3,590	\$ 2,520	\$ 2,410	\$ 2,920
SSI recipients (in thousands):²	4,142	4,817	6,602	7,912	7,960	7,696	7,542
Blind or disabled	2,334	3,363	5,312	6,728	6,824	6,580	6,404
Aged	1,808	1,454	1,289	1,184	1,136	1,116	1,138
SSI payments per recipient:²	\$ 1,876	\$ 3,363	\$ 4,877	\$ 6,496	\$ 7,399	\$ 7,510	\$ 7,955
Blind or disabled	2,202	3,747	5,158	6,778	7,693	7,827	8,292
Aged	1,455	2,442	3,662	4,848	5,634	5,681	6,063

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[#] 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.

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 2024 are \$943 for an eligible individual, \$1,415 for an eligible individual with an eligible spouse, and \$472 for an essential person. An essential person is someone who has been living in the SSI recipient's household continuously since December 1973 (the month before the inception of the SSI program) and whose needs were considered when determining the amount of cash assistance the qualified recipient was receiving from the state before being transferred to the federal SSI program. 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 2021, 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	2020	2021	2022	2023
All Housing and Urban Development (HUD) programs							
Annual federal spending for all HUD programs (in billions)	\$ 30.8	\$ 42.5	\$ 60.1	\$ 33.2	\$ 35.1	\$ 29.3	\$ 61.7
Subsidized units available (in thousands) ¹	4,881	5,092	5,095	5,077	5,098	5,124	5,130
Average monthly household rent contribution ²	\$ 212	\$ 258	\$ 288	\$ 355	\$ 364	\$ 386	\$ 416
Average monthly federal spending per unit ³	\$ 421	\$ 503	\$ 631	\$ 810	\$ 839	\$ 899	\$ 989
Demographics							
Total number of people (in thousands)	8,494	8,809	9,859	9,338	9,170	9,027	9,046
Average household size (persons)	2.2	2.2	2.0	2.0	2.0	2.0	2.0
% household with children	46%	44%	41%	34%	34%	33%	33%
% household headed by female	79%	79%	78%	75%	75%	74%	74%
% minority households	58%	59%	63%	66%	66%	66%	66%
Average household income per year	\$ 10,300	\$ 11,500	\$ 12,364	\$ 14,693	\$ 15,045	\$ 16,019	\$ 17,201
% extremely low income (<30% median) ⁴	70%	77%	76%	78%	77%	77%	77%
Average months on waiting list ⁵	22	18	18	27	27	25	25
Average months since moved in ⁶	75	74	84	118	119	121	120

^f 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.

^{ff} Source: Department of HUD.

^{fff} 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 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. During 2021, over 20 million households who reported any income paid 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 AHPs 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 2021, government housing support generated net revenue of \$32 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 2021) was net revenue generation of \$221 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 \$152 billion in revenue (between 2008 and 2021). See discussion above *Other related entities / Government-sponsored enterprises / Fannie Mae and Freddie Mac* for additional information.

In 2023, the annual federal spending for all HUD programs increased \$32 billion. This was primarily due to the downward reestimate of subsidy costs for the FHA-Mutual mortgage insurance capital reserve account, which are funds available to cover cost increases for the Mutual Mortgage Insurance Fund (a federal fund that acts as the insurer of mortgages that are guaranteed by the FHA).

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

AHPs 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. AHPs do not have a dedicated federal trust fund.

Student financial aid²⁹

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

(In millions, except as otherwise noted)	1980	1990	2000	2010	2020	2021	2022	2023
Federal grants								
Pell Grant expenditures by type of institution:	\$ 2,357	\$ 4,778	\$ 7,209	\$ 29,992	\$ 28,417	\$ 26,466	\$ 25,870	na
Public ¹	na	\$ 2,721	\$ 4,921	\$ 18,382	\$ 19,797	\$ 18,022	\$ 17,523	na
Private ¹	na	\$ 1,105	\$ 1,342	\$ 3,935	\$ 4,813	\$ 4,594	\$ 4,540	na
Proprietary ¹	na	\$ 951	\$ 946	\$ 7,557	\$ 3,808	\$ 3,850	\$ 3,807	na
Number of valid Pell Grant applicants (in thousands):	3,868	6,165	8,527	16,542	15,038	14,713	14,340	na
Eligible applicants	3,030	4,348	4,903	10,969	9,973	9,476	9,202	na
Ineligible applicants	839	1,818	3,624	5,574	5,065	5,237	5,138	na
Federal Pell Grant recipients (in thousands)	2,538	3,322	3,764	8,094	6,746	6,221	6,080	na
Average Pell Grant (actuals):	\$ 929	\$ 1,438	\$ 1,915	\$ 3,706	\$ 4,212	\$ 4,254	\$ 4,255	na
Minimum grant	\$ 200	\$ 200	\$ 400	\$ 976	\$ 624	\$ 636	\$ 649	\$ 692
Maximum grant	\$ 1,800	\$ 2,300	\$ 3,125	\$ 5,350	\$ 6,195	\$ 6,345	\$ 6,495	\$ 6,895
Federal Supplemental Educational Opportunity Grants	\$ 338	\$ 437	\$ 619	\$ 761	\$ 847	\$ 867	\$ 874	na
Veterans (fiscal year)	na	na	\$ 1,629	\$ 8,260	\$ 12,688	\$ 11,583	na	na
Federal Work-Study	\$ 547	\$ 609	\$ 850	\$ 1,151	\$ 1,132	\$ 1,129	\$ 1,155	na
Federal loans								
Federal loans receivable by the government, net (in billions)	na	na	\$ 192	\$ 368	\$ 1,168	\$ 1,163	\$ 856	\$ 1,070
Perkins Loan disbursements²	\$ 651	\$ 903	\$ 1,101	\$ 818	\$ —	\$ —	\$ —	\$ —
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	\$ 10,042	\$ 22,031	\$ —	\$ —	\$ —	\$ —
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:								
Public ¹	na	na	\$ 6,930	\$ 22,430	\$ 41,470	\$ 37,861	\$ 36,608	\$ 36,228
Private ¹	na	na	\$ 2,554	\$ 9,933	\$ 35,846	\$ 34,371	\$ 34,308	\$ 33,038
Proprietary ¹	na	na	\$ 657	\$ 10,209	\$ 11,191	\$ 10,914	\$ 10,470	\$ 10,194
Foreign ¹	na	na	\$ —	\$ 10	\$ 1,522	\$ 1,529	\$ 1,596	\$ 1,506

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^{††} 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. All loans are now made through the Direct Loan Program.

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;
- maintain satisfactory academic progress in college or career school;
- provide consent and approval to have the applicant's federal tax information transferred directly into your Federal Student Aid FAFSA form;
- 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 state-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*, which represented a significant overhaul of the processes and systems used to award federal student aid. Among other things, it makes it easier to submit the FAFSA form, expands access to federal student aid such as Pell Grants, and eliminates 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 2022-2023 award year, therefore, failing to register with the Selective Service will no longer impact a student's federal financial aid eligibility. After significant delays due to the redesign of the processes to apply for federal student aid and the formulas used to determine aid eligibility, the Department of Education announced the updated FAFSA form would be available by December 31, 2023.

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, 2023, 43.2 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 38.1 million unduplicated recipients or approximately \$37,100 per borrower. Of these direct loans, \$10 billion or approximately \$38,900 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. These actions resulted in borrowers in repayment being moved into a forbearance status unless they opted out, drastically reducing the number of borrowers in repayment and curing delinquencies through the summer of 2023. Prior to these actions, \$693 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.

On August 24, 2022, President Biden announced that to address the financial harms of the COVID-19 pandemic, he would cancel up to \$10,000 in federal student loan debt for borrowers who earn less than \$125,000 a year, or families earning less than \$250,000, plus up to an additional \$10,000 in federal loan debt for Pell Grant recipients. This debt relief program was challenged in court. In June 2023, the US Supreme Court did not rule in favor of the program, and interest on student loans started in September 2023 and payments began in October 2023. While borrowers re-entered repayment on September 1, 2023, the Department of Education instituted a 12-month “on-ramp” to repayment, running from October 1, 2023 to September 30, 2024, so that borrowers who miss monthly payments during this period are not considered delinquent. Despite the failure of the aforementioned program, President Biden approved nearly \$138 billion in student debt cancellation for almost 4 million borrowers through various executive actions, including the *Public Service Loan Forgiveness Program*, the *Income-Driven Repayment Plan*, the *Saving on a Valuable Education Plan*, as well as various other actions.

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 (in thousands unless otherwise noted)	1980	1990	2000	2010	2020	2021	2022	2023
TANF expenditures (in millions) ¹	na	na	\$ 24,781	\$ 33,255	\$ 28,984	\$ 28,038	\$ 29,230	na
TANF/AFDC average monthly total recipient ²	10,597	11,460	5,943	4,371	2,037	1,848	1,863	1,987
TANF/AFDC average monthly child recipients ²	7,322	7,755	4,370	3,289	1,587	1,425	1,417	1,478
TANF/AFDC average monthly families ²	3,642	3,974	2,265	1,848	894	804	815	826
TANF SSP average monthly total recipients ³	na	na	381	222	789	659	708	853
TANF SSP average monthly child recipients ³	na	na	228	133	494	412	430	528
TANF SSP average monthly families ³	na	na	91	69	180	153	162	195

¹ Source: Department of Health and Human Services (HHS).

¹¹ 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 (SSP) expenditures.

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

³ 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 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 HHS. 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 2021, 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 (R&D)

Fiscal year (In millions)	1980	1990	2000	2010	2019	2020	2021	2022
Federal R&D outlays by agency¹	\$ 29,830	\$ 63,559	\$ 76,898	\$ 131,388	\$ 124,855	\$ 144,920	\$ 174,529	\$ 179,316
Department of Defense	13,501	36,703	38,519	67,615	48,135	55,833	63,275	68,408
HHS	3,477	8,309	18,187	34,928	35,271	53,408	72,664	67,672
Department of Energy	4,697	5,508	6,068	8,986	13,657	10,810	12,263	13,669
NASA	3,465	6,324	6,424	7,316	13,260	10,481	11,089	12,198
All other	4,690	6,715	7,700	12,543	14,532	14,388	15,238	17,369
Higher education R&D expenditures²	\$ 6,063	\$ 16,290	\$ 30,084	\$ 61,287	\$ 83,643	\$ 86,440	\$ 89,834	\$ 97,842
Federal government – all agencies ³	4,098	9,640	17,548	37,478	44,539	46,182	49,191	54,053
HHS	na	na	na	na	24,408	25,372	27,532	30,289
Department of Defense	na	na	na	na	6,652	7,078	7,363	7,979
National Science Foundation	na	na	na	na	5,333	5,416	5,411	6,036
All other	na	na	na	na	8,068	8,247	8,837	9,668
State and local government	491	1,324	2,200	3,887	4,520	4,603	4,751	4,918
Institution funds	835	3,006	5,925	11,943	21,140	22,022	22,476	24,536
Business	236	1,127	2,156	3,202	5,064	5,187	5,120	5,707
All other	403	1,191	2,255	4,777	8,407	8,446	8,296	8,628

¹ Source: National Science Foundation. Details may not add to totals due to rounding.

² 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 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 2022, 76% of federal R&D outlays were for the Department of Defense (DOD) and HHS, with most of the DOD funding devoted to the development of advanced weapons systems such as the Joint Strike Fighter. COVID-19 stimulus funding led to large R&D increases for HHS. For example, an HHS agency that helps develop vaccines saw increased spending from \$736 million in fiscal year 2019 to \$16 billion in fiscal year 2020. Some funding supports multi-agency initiatives in complex areas of strategic national importance – such as nanotechnology and artificial intelligence.³¹ 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. 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 \$911 million on advertising in fiscal year 2017, according to an estimate by the Government Accountability Office (GAO). The top three advertisers were the Departments of Defense, HHS, and Homeland Security (DHS). 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, HHS 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.³² The Centers for Disease Control (CDC), 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 soldier and civilian 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, Common Defense, General Welfare, and Blessings of Liberty, 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 4% of total fiscal year 2021 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 2021, 6% or \$508 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 (\$369 billion in spending in 2021)

- *Key initiatives* – reduce crime, administer justice, and mitigate and prevent disasters, including fires
- *Key departments* – Department of Justice, DHS (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 Part II. 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 (\$25 billion in spending in 2021)

- *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* – HHS (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 the SEC at the federal level and state and local protective inspection and regulation offices
- *Key metrics (see Part II. 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 (\$114 billion in spending in 2021)

- *Key initiatives* – maintain the welfare and safety of all children, including through child protective services, child welfare, and foster care programs
- *Key departments* – HHS (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 Part II. 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.

Nearly 75% 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, 36% 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 2021, 12% or \$1,054 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 (\$986 billion in spending in 2021)

- *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* – DOD, Department of Veterans Affairs (primarily the Veterans Health Administration (VHA)), 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 Part II. 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 (\$22 billion in spending in 2021)

- *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* – DHS (primarily US Customs and Border Protection, US Immigration and Customs Enforcement, and Citizenship and Immigration Services) at the federal level
- *Key metrics (see Part II. 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 (\$46 billion in spending in 2021)

- *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 Part II. 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.

Approximately 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 \$125 billion in 2021.

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 2021, 35% or \$3,215 billion of our Government's expenditures were made by this segment. Just over 60% of the segment's expenditures are spent by the federal government, while the remainder is spent 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 (\$695 billion in spending in 2021)

- *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 27 – Offsetting amounts in Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements* within this annual report)
- *Key departments* – DHS (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 Part II. 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 (\$2,244 billion in spending in 2021)

- *Key initiatives* – manage a fair tax structure, provide a minimum standard of living through welfare and transfer programs for those in need
- *Key programs* – EITC, SNAP, UI, Student Financial Aid (primarily Pell Grants), Subsidized Housing, TANF, SSI, Medicaid and CHIP
- *Key departments* – Department of the Treasury (primarily IRS), Department of Agriculture (primarily FNS), Social Security Administration, Department of Labor (primarily Employment and Training Administration), Department of Education (primarily Office of Federal Student Aid), HUD, and HHS (primarily Indian Health Service) at the federal level and state and local departments of housing and community development and welfare offices
- *Key metrics (see Part II. 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) (\$276 billion in spending in 2021)

- *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* – HHS at the federal level and state and local public hospitals
- *Key metrics (see Part II. 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

Approximately 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 2021, 44% or \$3,981 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 (\$1,206 billion in spending in 2021)

- *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 IRS, for refundable American Opportunity Credits) at the federal level and school districts, schools, and libraries at the state and local level
- *Key metrics (see Part II. 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 (\$2,621 billion in spending in 2021)

- *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 HHS (primarily CMS) at the federal level
- *Key metrics (see Part II. 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 GDP and per capita

Sustainability and self-sufficiency (\$154 billion in spending in 2021)

- *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 Part II. 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 2021, 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 Part II. 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

Nearly 65% 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 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, 2023, the population of the US, excluding US territories, was 335 million. The population of the US is growing but at a rate that is generally decelerating; the population of the US grew 0.49% during the year ended July 1, 2023, an annual average of 0.80% in the 22 years following July 1, 2001, and an annual average of 1.10% in the 43 years following July 1, 1980 (the earliest year presented in this report, generally).

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 (Black 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.

PART I
Item 1

Population demographics

	1980	1990	2000	2010	2019	2020	2021	2022	2023
Total population (in thousands)^{1,4}	227,225	249,464	282,162	309,327	328,330	331,527	332,049	333,271	334,915
Population change ²	2,920	2,588	2,457	2,395	1,492	1,154	522	1,222	1,643
Natural	2,021	1,959	1,579	1,659	923	677	146	223	504
Births	4,492	4,114	3,966	4,150	3,770	3,748	3,584	3,679	3,653
Deaths	2,471	2,155	2,387	2,491	2,847	3,071	3,438	3,456	3,149
Net migration	na	na	878	735	569	477	376	999	1,139
Residual ³	899	534	—	—	—	—	—	—	—
Age and gender^{4,4}									
Male	48.6%	48.8%	49.1%	49.2%	49.2%	49.6%	49.6%	49.6%	na
Female	51.4%	51.3%	50.9%	50.8%	50.8%	50.4%	50.4%	50.4%	na
<5 years of age	7.2%	7.6%	6.8%	6.5%	6.0%	5.8%	5.6%	5.6%	na
5 to 14 years	15.3%	14.1%	14.6%	13.3%	12.5%	12.5%	12.4%	12.3%	na
15 to 24 years	18.7%	14.8%	14.0%	14.1%	13.0%	13.3%	13.3%	13.3%	na
25 to 34 years	16.5%	17.3%	14.1%	13.3%	14.0%	13.7%	13.7%	13.7%	na
35 to 44 years	11.4%	15.1%	16.0%	12.0%	11.4%	11.5%	11.7%	11.8%	na
45 to 54 years	10.0%	10.1%	13.5%	14.5%	12.4%	12.4%	12.2%	12.1%	na
55 to 64 years	9.6%	8.5%	8.7%	11.9%	12.9%	12.9%	12.8%	12.6%	na
65+ years	11.3%	12.5%	12.4%	13.1%	16.5%	16.5%	16.9%	17.3%	na
18+ years	72.0%	74.3%	74.3%	76.0%	77.7%	77.9%	78.1%	78.3%	na
Median age (years)	30.0	33.0	35.3	37.2	38.4	38.8	na	na	na
Race and ethnicity^{4,5}									
White	85.7%	83.9%	81.0%	78.3%	76.3%	75.9%	75.7%	75.5%	na
Black/African American	11.7%	12.3%	12.7%	13.0%	13.4%	13.5%	13.6%	13.6%	na
Asian	1.6%	3.0%	4.0%	5.2%	6.2%	6.4%	6.4%	6.6%	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%	2.8%	2.9%	3.0%	3.0%	na
Hispanic	6.4%	9.0%	12.6%	16.4%	18.4%	19.0%	18.9%	19.1%	na
Non-Hispanic, white only	na	75.7%	69.4%	63.8%	60.1%	59.6%	59.3%	58.9%	na
Regional^{1,4}									
Northeast	21.6%	20.4%	19.0%	17.9%	17.1%	17.3%	17.2%	17.1%	17.1%
Midwest	25.9%	23.9%	22.9%	21.7%	20.8%	20.8%	20.7%	20.6%	20.7%
South	33.3%	34.3%	35.6%	37.1%	38.3%	38.1%	38.4%	38.6%	39.0%
West	19.1%	21.2%	22.5%	23.3%	23.8%	23.7%	23.7%	23.6%	23.7%
Educational attainment⁶									
Population 25 years and over (in thousands)	na	158,868	175,230	199,928	221,478	223,058	224,580	226,274	na
Less than high school graduate	na	24.8%	15.9%	12.9%	9.9%	9.1%	8.9%	8.8%	na
High school graduate	na	30.0%	33.1%	31.2%	28.1%	27.6%	27.9%	28.5%	na
Some college or associate's degree	na	24.9%	25.4%	26.0%	25.9%	25.8%	25.4%	25.0%	na
Bachelor's degree	na	13.1%	12.2%	15.1%	22.5%	23.4%	23.5%	23.4%	na
Graduate or professional degree	na	7.2%	8.6%	10.5%	13.5%	14.1%	14.4%	14.2%	na
Households and families^{8, 9}									
Total households (in thousands)	80,776	93,347	104,705	117,538	128,579	128,451	129,224	131,202	131,434
Total family households (in thousands)	59,550	66,091	72,026	78,833	83,482	83,677	83,712	84,265	84,335
% total households married no kids	29.9%	29.8%	28.7%	28.8%	29.7%	30.1%	29.7%	29.0%	29.4%
% total households married parents	31.2%	26.7%	24.6%	21.5%	19.1%	19.1%	18.6%	17.8%	17.9%
% total households single fathers	0.9%	1.4%	2.0%	1.5%	1.7%	1.6%	1.8%	1.7%	1.5%
% total households single mothers	7.7%	9.0%	9.2%	8.4%	6.9%	6.7%	6.8%	6.6%	6.3%
% total households other family	5.4%	6.5%	7.0%	8.3%	8.8%	8.9%	9.3%	8.6%	9.0%
Total non-family households (in thousands)	21,226	27,257	32,680	38,705	45,096	44,774	45,533	46,937	47,099
% total households single person	22.7%	24.6%	25.5%	26.7%	28.4%	28.2%	28.6%	28.9%	29.0%
% total households multiple people non-family	3.6%	4.6%	5.7%	6.2%	6.7%	6.7%	7.0%	6.9%	6.8%
Young adults (25-34 years) living at home (in thousands)	3,194	4,987	3,989	5,520	7,580	8,032	7,545	6,941	7,194
Rate of young adults living at home	8.7%	11.5%	10.6%	13.5%	16.8%	17.7%	16.8%	15.6%	na
Average household size	2.76	2.63	2.62	2.59	2.52	2.53	2.54	2.50	2.51
Average family size	3.29	3.17	3.17	3.16	3.14	3.15	3.16	3.13	na
Marital status (age 15 years+)^{8, 7}									
Currently married	61.0%	58.7%	56.2%	53.6%	52.3%	52.0%	50.8%	50.7%	50.8%
All men	63.2%	60.7%	57.9%	54.8%	53.6%	53.2%	51.7%	51.7%	51.6%
All women	58.9%	56.9%	54.7%	52.4%	51.1%	50.9%	50.0%	49.9%	50.0%
Net divorce rate¹⁰	7.8%	10.7%	12.9%	14.1%	14.3%	14.3%	14.8%	14.5%	14.5%
All men	6.8%	9.7%	12.1%	12.9%	12.9%	12.9%	13.6%	13.3%	13.3%
All women	8.6%	11.5%	13.6%	15.2%	15.5%	15.4%	15.9%	15.5%	15.6%

[†] 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.

PART I
Item 1

- ^{1.} *The Census Bureau releases annual provisional population estimates based on the most recent decennial census and other data on births, deaths, and migration/immigration each year. These provisional data are called "postcensal estimates". After the next decennial census, the Bureau reconciles these postcensal estimates and releases final data, called intercensal estimates. Although the census was completed in 2020, the Census Bureau has not reconciled its 2011-2019 population estimates to produce final intercensal population data. We retain the postcensal figures for those years in this table.*
- ^{2.} *Components of population change are from yearly postcensal estimates taken on July 1 of each year. The Census does not revise these figures as it does total population after the completion of a decennial census. Total population change does not always sum to the gap between annual population estimates due to different reporting timelines and final data releases.*
- ^{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 (CPS) 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 2022, 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 38.8 years old in 2020, the latest available date.

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 17 percentage points since 1990 to 59% of our population in 2022, 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 2022. Foreign-born individuals in 2022:
 - have a higher labor participation rate (67%) than native-born individuals (63%);
 - work in more manual jobs (e.g. service, natural resources, construction, maintenance, moving); and
 - have lower annual earnings (53% earned \$50,000 or more) than native-born individuals (60% earned \$50,000 or more).
- our annual population growth from migration (1.0 million in 2022) surpassed the growth from births and deaths (0.2 million in 2022).

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 16 percentage points since 1990 to 9%, while the share of adults 25 years and over with at least some college experience has increased 17 percentage points to 63% in 2022.

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 2022, 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 2022;
- the share of households that comprise married families has decreased 14 percentage points since 1980 to 47% in 2022, while the share of households that comprise unmarried individuals or families has increased 12 percentage points to 53% in 2022;

PART I
Item 1

- the share of our population that is currently married has decreased 12 percentage points for men and 9 percentage points for women since 1980 to 52% and 50%, respectively, in 2022, while the rate of individuals currently divorced has increased 7 percentage points for men and 7 percentage points for women to 13% and 16%, respectively, in 2022; and
- the number of young adults (25 – 34 years old) living at home has increased 117% since 1980 to 7.0 million or 16% of all young adults in 2022.

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	2019	2020	2021	2022	2023
Total population (in thousands)	227,225	249,464	282,162	309,327	328,330	331,527	332,049	333,271	334,915
White	194,713	209,367	228,530	242,235	250,522	251,640	251,444	251,602	na
Black/African American	26,683	30,648	35,815	40,355	44,075	44,913	45,103	45,400	na
Asian	3,729	7,549	10,706	15,261	19,505	20,228	20,474	20,954	na
Hispanic	14,609	22,573	35,662	50,743	60,572	62,883	62,625	63,664	na
Poverty rate of all persons	13.0%	13.5%	11.3%	15.1%	10.5%	11.5%	11.6%	11.5%	na
White population ¹	10.2%	10.7%	9.5%	13.0%	9.1%	10.1%	10.0%	10.5%	na
Black ¹	32.5%	31.9%	22.5%	27.4%	18.8%	19.6%	19.5%	17.1%	na
Asian ¹	na	12.2%	9.9%	12.2%	7.3%	8.1%	9.3%	8.6%	na
Hispanic	25.7%	28.1%	21.5%	26.5%	15.7%	17.0%	17.1%	16.9%	na
Crime									
Total arrests (in thousands)⁶	10,458	11,460	10,435	10,367	7,697	5,479	5,082	na	na
White	74.0%	69.6%	67.9%	70.4%	68.0%	68.8%	66.4%	na	na
Black/African American	24.2%	29.3%	30.9%	28.1%	26.8%	25.8%	27.5%	na	na
American Indian/Alaska Native	1.2%	1.1%	1.2%	1.4%	2.3%	2.4%	2.4%	na	na
Asian/Pacific Islander	0.6%	na	na	na	1.6%	1.5%	1.6%	na	na
Total sentenced prisoners (in thousands)⁷	330	774	1,394	1,614	1,430	1,221	1,205	na	na
White (non-Hispanic) ⁸	51.3%	47.4%	33.8%	41.3%	39.6%	39.0%	39.3%	na	na
Black (non-Hispanic) ⁸	45.6%	47.1%	43.8%	41.5%	38.9%	39.0%	38.5%	na	na
Hispanic	7.7%	16.8%	15.6%	13.5%	18.1%	17.8%	18.1%	na	na
High school dropout rate²	14.1%	12.1%	10.9%	7.4%	5.2%	5.3%	5.1%	na	na
White	11.4%	9.0%	6.9%	5.1%	4.5%	4.8%	4.4%	na	na
Black	19.1%	13.2%	13.1%	8.0%	5.6%	4.2%	3.9%	na	na
Hispanic	35.2%	32.4%	27.8%	15.1%	7.5%	7.4%	8.2%	na	na
College graduation rate (at 4 yr institutions, within 6 yrs of start)³	na	na	na	58.4%	63.4%	64.0%	64.5%	na	na
White	na	na	na	61.6%	66.7%	67.4%	67.9%	na	na
Black	na	na	na	39.6%	44.3%	45.0%	45.7%	na	na
Hispanic	na	na	na	50.2%	57.9%	58.7%	59.1%	na	na
Civil rights violations									
Equal employment charges	na	na	79,896	99,922	72,675	67,448	61,331	na	na
By race	na	na	28,945	35,890	23,976	22,064	20,908	na	na
By ethnicity/national origin	na	na	7,792	11,304	7,009	6,377	6,213	na	na
By color	na	na	1,290	2,780	3,415	3,562	3,516	na	na
Hate crimes based on race/ethnicity/ancestry⁴	na	na	5,352	3,982	4,283	6,319	6,651	na	na

PART I
Item 1

	1980	1990	2000	2010	2019	2020	2021	2022	2023
Employment (as % of working-age population)⁵									
White	60.0%	63.7%	64.9%	59.4%	61.0%	57.3%	58.6%	60.0%	60.2%
Black	52.3%	56.7%	60.9%	52.3%	58.7%	53.6%	55.7%	58.4%	59.7%
Asian	na	na	64.8%	59.9%	62.3%	57.3%	60.6%	62.7%	63.1%
Hispanic	57.6%	61.9%	65.7%	59.1%	63.9%	58.7%	61.1%	63.5%	63.8%
% of births to mothers under 18 (by race of mother)	na	4.7%	4.1%	2.8%	1.1%	1.1%	1.0%	1.0%	na
White	na	3.6%	3.5%	1.7%	0.7%	0.6%	0.6%	na	na
Black/African American	na	10.1%	7.8%	4.9%	1.8%	1.8%	1.6%	na	na
Asian/Pacific Islander	na	2.1%	1.5%	0.6%	0.2%	0.2%	0.1%	na	na
Hispanic/Latina (of any race)	na	6.6%	6.3%	4.7%	2.0%	1.9%	1.8%	na	na
Life expectancy at birth	73.7	75.4	76.8	78.7	78.8	77.0	76.4	na	na
White	74.4	76.1	77.3	78.9	78.8	77.4	76.7	na	na
Black	68.1	69.1	71.8	75.1	74.8	71.5	71.2	na	na
Hispanic	na	na	na	81.7	81.9	77.9	77.8	na	na
Mortality rate (per 100,000 persons)	878.3	863.8	854.0	799.5	869.7	1,027.0	1,043.8	na	na
White	892.5	888.0	900.2	861.7	955.4	1,112.8	1,137.1	na	na
Black/African American	875.4	871.0	781.1	682.2	798.4	1,025.1	1,012.9	na	na
Asian/Pacific Islander	296.9	283.3	296.6	301.1	362.8	454.2	na	na	na
American Indian/Alaska Native	487.4	402.8	380.8	365.1	459.1	612.1	662.6	na	na
Hispanic	na	na	303.8	286.2	350.7	498.6	503.9	na	na
Non-Hispanic	na	na	929.6	897.6	984.6	1,144.5	1,166.4	na	na
Infant (under 1 year old) mortality (per 1,000 births)	na	8.9	6.9	6.1	5.6	5.4	5.4	na	na
White	na	7.3	5.7	5.2	4.7	4.5	4.5	na	na
Black/African American	na	16.9	13.5	11.2	10.4	10.0	10.1	na	na
Asian/Pacific Islander	na	6.6	4.9	4.3	3.7	3.5	4.0	na	na
Hispanic/Latina (of any race)	na	7.5	5.6	5.3	5.0	4.7	4.8	na	na
Number of children in foster care on September 30	na	na	552,000	408,425	423,997	407,493	391,098	na	na
White	na	na	38%	41%	44%	43%	43%	na	na
Black	na	na	39%	29%	23%	23%	22%	na	na
Hispanic	na	na	15%	21%	21%	22%	22%	na	na
Asian	na	na	1%	1%	1%	1%	1%	na	na

^f Sources: US Census Bureau, Bureau of Labor Statistics, CDC and Prevention, HHS, 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 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.

PART I
Item 1

Black population

	1980	1990	2000	2010	2019	2020	2021	2022
Black population (in thousands)	26,683	29,931	34,658	40,355	44,075	44,913	45,103	45,400
% of total population	11.8%	12.0%	12.3%	13.0%	13.4%	13.5%	13.6%	13.6%
Age and gender								
Male	47.3%	47.2%	47.5%	47.7%	47.9%	48.2%	48.2%	48.2%
Female	52.7%	52.8%	52.5%	52.3%	52.1%	51.8%	51.8%	51.8%
<5 years of age	9.2%	9.2%	8.1%	7.6%	6.7%	6.7%	6.6%	6.6%
5 to 14 years	19.5%	17.7%	18.3%	15.3%	14.0%	14.1%	14.0%	13.8%
15 to 24 years	21.6%	17.1%	16.0%	16.9%	14.6%	14.7%	14.7%	14.6%
25 to 34 years	15.9%	18.1%	14.9%	14.1%	15.9%	15.6%	15.6%	15.6%
35 to 44 years	10.2%	14.0%	15.9%	13.5%	13.0%	13.2%	13.3%	13.4%
45 to 54 years	8.6%	8.9%	11.8%	14.0%	12.3%	12.1%	12.0%	11.9%
55 to 64 years	7.2%	6.7%	6.8%	9.9%	11.7%	11.7%	11.7%	11.6%
65+ years	7.8%	8.4%	8.1%	8.7%	11.7%	11.8%	12.2%	12.5%
18+ years	64.5%	68.0%	68.6%	72.0%	75.1%	75.0%	75.1%	75.2%
Median age (years)	24.9	28.3	30.2	32.1	34.1	34.2	34.4	34.5
Regional¹								
Northeast	18.3%	18.7%	17.6%	16.8%	16.2%	na	15.7%	15.6%
Midwest	20.1%	19.0%	18.8%	17.9%	17.0%	na	17.2%	17.0%
South	53.0%	52.8%	54.8%	56.5%	57.9%	na	58.3%	58.7%
West	8.5%	9.4%	8.9%	8.8%	8.8%	na	8.8%	8.7%
Educational attainment								
Population 25 years and over (in thousands)	na	15,761	19,858	22,969	27,428	27,822	28,160	28,565
Less than high school graduate	na	32.9%	27.7%	18.4%	15.2%	13.4%	12.5%	12.3%
High school graduate	na	29.7%	29.8%	32.6%	29.6%	30.5%	30.5%	31.2%
Some college or associate's degree	na	25.3%	28.2%	29.2%	29.2%	28.2%	28.7%	28.8%
Bachelor's degree	na	8.0%	9.5%	13.3%	16.6%	18.0%	17.2%	17.1%
Graduate or professional degree	na	4.1%	4.8%	6.5%	9.5%	9.9%	10.8%	10.4%
Income								
Number of households (in thousands)	8,847	10,670	13,170	15,270	17,050	17,320	17,700	18,080
Earning <\$15,000 annually	22.8%	23.0%	16.1%	19.7%	14.8%	15.5%	14.4%	13.7%
\$15,000 to \$24,999	15.9%	14.1%	11.2%	12.4%	10.4%	11.0%	11.4%	9.9%
\$25,000 to \$34,999	12.7%	10.2%	10.9%	11.4%	11.2%	10.0%	9.7%	10.3%
\$35,000 to \$49,999	13.9%	13.4%	14.6%	13.4%	12.7%	12.2%	13.3%	12.6%
\$50,000 to \$74,999	16.9%	16.6%	17.5%	16.4%	16.4%	16.7%	15.9%	18.0%
\$75,000 or more	18.0%	22.8%	29.8%	26.6%	34.5%	34.7%	35.3%	35.3%
Employment								
Population 16 years and over (in thousands)	17,824	21,477	24,902	28,708	33,036	33,344	33,613	34,131
Civilian labor force	61.0%	64.0%	65.8%	62.2%	62.5%	60.5%	60.9%	62.2%
Employed	52.3%	56.7%	60.9%	52.3%	58.7%	53.6%	55.7%	58.4%
Unemployed	8.7%	7.3%	5.0%	9.9%	3.8%	6.9%	5.2%	3.8%
Not in labor force	39.0%	36.0%	34.2%	37.8%	37.5%	39.5%	39.1%	37.8%

[†] Source: Data for 1980, 1990, and 2000 is from the Decennial Census. All other years from the CPS Annual Social Economic Supplement for each year.

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

¹ Due to the impact of the COVID-19 pandemic, the Census Bureau changed the 2020 ACS release. Instead of providing the standard 1-year data products, the Census Bureau released experimental estimates from the 1-year data. USAFacts does not include the experimental 2020 estimates because the US Census Bureau has stated they are experimental only and should not be compared to any other ACS data.

PART I
Item 1

Hispanic population

	1980	1990	2000	2010	2019	2020	2021	2022
Hispanic population (in thousands)	14,609	21,900	35,306	50,743	60,572	61,839	62,625	63,664
% of total population	6.4%	8.8%	12.5%	16.4%	18.5%	18.7%	18.9%	19.1%
Age and gender								
Male	49.8%	50.8%	51.4%	50.7%	50.5%	50.8%	50.7%	50.7%
Female	50.2%	49.2%	48.6%	49.3%	49.5%	49.2%	49.3%	49.3%
<5 years of age	11.4%	10.6%	10.5%	10.1%	8.4%	8.0%	7.8%	7.7%
5 to 14 years	20.6%	19.0%	19.2%	18.4%	17.4%	17.3%	17.0%	16.6%
15 to 24 years	21.9%	19.1%	18.6%	17.5%	16.3%	16.8%	16.8%	17.0%
25 to 34 years	17.1%	20.0%	18.4%	16.7%	15.7%	15.4%	15.3%	15.2%
35 to 44 years	10.7%	13.3%	14.5%	14.5%	14.3%	14.3%	14.3%	14.2%
45 to 54 years	8.1%	7.8%	8.9%	10.9%	11.8%	11.9%	12.0%	12.1%
55 to 64 years	5.3%	5.3%	4.8%	6.4%	8.4%	8.6%	8.8%	8.9%
65+ years	4.9%	4.8%	4.9%	5.6%	7.7%	7.8%	8.0%	8.3%
18+ years	61.5%	65.1%	65.0%	66.1%	69.1%	69.6%	70.1%	70.5%
Median age (years)	23.2	25.6	25.8	27.3	29.8	30.1	30.4	30.7
Regional¹								
Northeast	17.8%	16.6%	14.9%	13.9%	13.8%	na	14.0%	14.0%
Midwest	8.7%	7.6%	8.8%	9.2%	9.1%	na	9.3%	9.3%
South	30.6%	30.4%	32.8%	36.1%	38.0%	na	38.1%	38.5%
West	42.8%	45.4%	43.5%	40.8%	39.1%	na	38.6%	38.2%
Educational attainment								
Population 25 years and over (in thousands)	na	11,227	18,270	26,375	34,575	35,206	35,893	36,824
Less than high school graduate	na	50.2%	47.6%	39.4%	31.3%	28.8%	28.8%	27.5%
High school graduate	na	21.6%	22.1%	27.4%	28.4%	28.1%	28.5%	30.0%
Some college or associate's degree	na	19.1%	19.9%	19.3%	21.8%	22.3%	22.2%	21.6%
Bachelor's degree	na	5.9%	6.7%	10.1%	13.1%	14.4%	14.5%	14.5%
Graduate or professional degree	na	3.3%	3.8%	3.8%	5.7%	6.5%	6.1%	6.4%
Income								
Number of households (in thousands)	3,906	6,220	10,030	14,440	17,670	18,340	19,230	19,320
Earning <\$15,000 annually	14.2%	13.9%	10.0%	12.6%	9.1%	9.2%	10.3%	9.8%
\$15,000 to \$24,999	13.0%	13.7%	10.8%	11.2%	7.7%	8.7%	7.6%	8.1%
\$25,000 to \$34,999	13.0%	11.3%	10.9%	12.1%	9.3%	9.0%	9.1%	8.9%
\$35,000 to \$49,999	16.6%	15.3%	15.5%	15.1%	12.8%	13.5%	13.1%	12.7%
\$50,000 to \$74,999	19.5%	20.0%	19.8%	17.6%	18.8%	17.8%	17.7%	18.5%
\$75,000 or more	23.7%	25.7%	33.0%	31.5%	42.2%	41.7%	42.0%	41.9%
Employment								
Population 16 years and over (in thousands)	9,598	15,904	23,938	33,713	43,507	44,182	44,902	46,171
Civilian labor force	64.0%	67.4%	69.7%	67.5%	66.8%	65.6%	65.5%	66.3%
Employed	57.6%	61.9%	65.7%	59.0%	63.9%	58.7%	61.1%	63.5%
Unemployed	6.5%	5.5%	4.0%	8.4%	2.9%	6.8%	4.4%	2.8%
Not in labor force	36.0%	32.6%	30.3%	32.5%	33.2%	34.4%	34.5%	33.7%

[†] Source: Data for 1980, 1990, and 2000 is from the Decennial Census. All other years from the CPS Annual Social Economic Supplement for each year.

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Demographics of native-born and foreign-born population

Native-born population

	2000	2005	2010	2015	2018	2019	2020	2021	2022
Total population (in thousands)¹	281,422	288,378	309,350	321,419	327,167	328,240	na	331,894	333,288
Native-born	250,314	252,688	269,394	278,128	282,439	283,307	na	286,624	287,106
Foreign-born	31,108	35,690	39,956	43,290	44,729	44,933	na	45,270	46,182
Foreign-born; naturalized	12,543	14,968	17,476	20,697	22,630	23,183	na	24,044	24,509
Foreign-born; not a US citizen	18,565	20,722	22,480	22,593	22,099	21,750	na	21,226	21,673
Native-born demographics (in thousands)¹	250,314	252,688	269,394	278,128	282,439	283,307	na	286,624	287,105
White	na	78.6%	78.0%	77.2%	76.4%	76.3%	na	67.5%	67.4%
Black/African American	na	12.8%	13.2%	13.2%	13.2%	13.3%	na	12.6%	12.7%
Asian	na	1.6%	1.8%	2.1%	2.2%	2.3%	na	2.4%	2.5%
Hispanic	na	9.9%	11.9%	13.3%	14.1%	14.3%	na	14.9%	15.0%
Non-Hispanic, white only	na	73.3%	70.3%	68.2%	67.0%	66.7%	na	64.6%	64.3%
Median age (years)	na	35.7	35.9	36.0	36.3	36.5	na	36.7	36.9
Educational attainment									
Population 25 years and over (in thousands)	na	159,699	170,663	178,726	183,902	185,345	na	188,004	188,924
Less than high school graduate	na	12.7%	11.0%	9.4%	8.4%	8.2%	na	7.4%	7.2%
High school graduate	na	30.8%	29.7%	28.6%	27.9%	27.9%	na	27.2%	26.9%
Some college or associate's degree	na	29.2%	30.9%	31.1%	31.0%	30.7%	na	30.1%	30.0%
Bachelor's degree	na	17.5%	18.1%	19.4%	20.4%	20.7%	na	21.8%	22.2%
Graduate or professional degree	na	9.8%	10.3%	11.4%	12.3%	12.5%	na	13.5%	13.7%
Employment									
Population 16 years and over (in thousands)	na	na	206,115	214,802	219,463	220,650	na	223,839	225,509
In labor force	na	na	63.8%	62.6%	62.6%	62.9%	na	62.3%	62.9%
Civilian labor force	na	na	63.3%	62.1%	62.2%	62.4%	na	61.8%	62.3%
Employed	na	na	56.3%	58.1%	59.0%	59.5%	na	57.9%	59.6%
Unemployed	na	na	6.9%	4.0%	3.2%	2.9%	na	3.9%	2.7%
Armed Forces	na	na	0.5%	0.4%	0.4%	0.5%	na	0.6%	0.6%
Not in labor force	na	na	36.2%	37.4%	37.4%	37.1%	na	37.7%	37.1%
Total civilian employed (in thousands)	na	115,788	116,126	124,810	129,585	131,204	na	129,536	134,370
Management, business, science, and arts	na	35.3%	37.4%	38.4%	39.7%	41.0%	na	43.2%	43.6%
Service occupations	na	15.2%	16.6%	16.7%	16.7%	16.6%	na	15.2%	15.2%
Sales and office	na	27.3%	26.4%	25.0%	22.7%	21.6%	na	21.2%	20.9%
Natural resources, construction, maintenance	na	9.9%	8.4%	8.2%	8.0%	8.1%	na	7.8%	7.7%
Production, transportation and moving	na	12.4%	11.2%	11.8%	12.9%	12.8%	na	12.7%	12.6%
Annual earnings									
Population 16+ years with earnings (in thousands)	na	77,501	80,425	87,849	92,847	94,993	na	92,422	98,144
Earning <\$15,000 annually	na	6.9%	5.9%	5.1%	4.2%	4.2%	na	3.8%	3.5%
\$15,000 to \$24,999	na	16.4%	13.9%	12.8%	10.8%	10.0%	na	7.3%	6.1%
\$25,000 to \$34,999	na	19.3%	17.0%	15.8%	15.0%	14.6%	na	12.7%	11.8%
\$35,000 to \$49,999	na	22.2%	21.6%	20.6%	20.0%	19.9%	na	19.0%	19.0%
\$50,000 to \$74,999	na	19.6%	21.8%	22.3%	23.3%	23.4%	na	24.6%	24.5%
\$75,000 or more	na	15.6%	19.8%	23.5%	26.8%	27.9%	na	32.6%	35.2%

[†] Source: US Census Bureau.

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

^{1.} 2005-2019 and 2021-2022 data is sourced from the ACS and therefore total population may differ from other tables; 2000 data is sourced from the decennial census survey. Due to the impact of the COVID-19 pandemic, the Census Bureau changed the 2020 ACS release. Instead of providing the standard 1-year data products, the Census Bureau released experimental estimates from the 1-year data. USAFacts decided not to use the experimental estimates for 2020. USAFacts does not include the experimental 2020 estimates because the US Census Bureau has stated they are experimental only and should not be compared to any other ACS data.

PART I
Item 1

Foreign-born population

	2000	2005	2010	2015	2018	2019	2020	2021	2022
Total population (in thousands)¹	281,422	288,378	309,350	321,419	327,167	328,240	na	331,894	333,288
Native-born	250,314	252,688	269,394	278,128	282,439	283,307	na	286,624	287,106
Foreign-born	31,108	35,690	39,956	43,290	44,729	44,933	na	45,270	46,182
Foreign-born; naturalized	12,543	14,968	17,476	20,697	22,630	23,183	na	24,044	24,509
Foreign-born; not a US citizen	18,565	20,722	22,480	22,593	22,099	21,750	na	21,226	21,673
Foreign-born demographics (in thousands)¹	31,108	35,690	39,956	43,290	44,729	44,933	na	45,270	46,182
White	na	46.7%	47.9%	47.0%	45.5%	45.2%	na	20.8%	20.3%
Black/African American	na	7.6%	8.3%	8.9%	9.5%	9.7%	na	9.0%	9.3%
Asian	na	23.5%	24.5%	26.6%	27.1%	27.2%	na	27.1%	27.2%
Hispanic	na	47.0%	47.1%	45.0%	44.3%	44.2%	na	44.0%	44.1%
Non-Hispanic, white only	na	20.9%	18.8%	18.1%	17.7%	17.4%	na	16.8%	16.2%
Median age (years)	na	39.3	41.4	43.9	45.2	45.7	na	46.6	46.7
Educational attainment									
Population 25 years and over (in thousands)	na	29,252	33,626	37,721	39,257	39,554	na	40,189	40,783
Less than high school graduate	na	32.4%	31.7%	29.3%	26.9%	26.3%	na	25.6%	24.9%
High school graduate	na	22.8%	22.5%	22.5%	22.3%	22.3%	na	22.1%	22.1%
Some college or associate's degree	na	18.1%	18.8%	18.7%	18.9%	18.7%	na	18.5%	18.3%
Bachelor's degree	na	15.7%	15.9%	17.0%	18.1%	18.5%	na	18.6%	19.1%
Graduate or professional degree	na	11.0%	11.1%	12.4%	13.9%	14.2%	na	15.2%	15.6%
Employment									
Population 16 years and over (in thousands)	na	na	37,718	41,366	42,723	42,884	na	43,219	44,046
In labor force	na	na	67.7%	66.0%	66.5%	66.9%	na	66.4%	66.9%
Civilian labor force	na	na	67.6%	65.8%	66.4%	66.7%	na	66.2%	66.7%
Employed	na	na	60.7%	62.2%	63.7%	64.3%	na	62.1%	64.1%
Unemployed	na	na	6.9%	3.6%	2.7%	2.4%	na	4.1%	2.6%
Armed forces	na	na	0.1%	0.1%	0.1%	0.2%	na	0.2%	0.2%
Not in labor force	na	na	32.3%	34.0%	33.5%	33.1%	na	33.6%	33.1%
Total civilian employed (in thousands)	na	20,671	22,908	25,724	27,198	27,554	na	26,844	28,220
Management and professional	na	27.2%	28.6%	31.0%	33.1%	34.6%	na	37.4%	37.4%
Service occupations	na	22.2%	25.1%	24.0%	23.1%	22.8%	na	20.6%	20.5%
Sales and office	na	18.3%	17.8%	16.9%	15.4%	14.6%	na	14.5%	14.6%
Natural resources, construction, maintenance	na	15.3%	13.0%	13.1%	12.7%	12.5%	na	12.3%	12.2%
Production, transportation, and moving	na	16.9%	15.5%	15.0%	15.7%	15.5%	na	15.3%	15.3%
Annual earnings									
Population 16+ years with earnings (in thousands)	na	14,266	16,023	18,499	19,922	20,860	na	19,360	21,022
Earning <\$15,000 annually	na	13.4%	10.4%	7.5%	5.3%	5.1%	na	4.5%	3.9%
\$15,000 to \$24,999	na	25.6%	23.4%	20.8%	16.3%	14.7%	na	10.0%	8.5%
\$25,000 to \$34,999	na	18.4%	17.7%	17.7%	17.9%	17.8%	na	15.7%	15.1%
\$35,000 to \$49,999	na	16.6%	17.1%	17.3%	18.4%	18.9%	na	18.8%	19.6%
\$50,000 to \$74,999	na	13.5%	14.7%	15.8%	17.5%	17.8%	na	19.6%	20.2%
\$75,000 or more	na	12.6%	16.7%	20.9%	24.5%	25.7%	na	31.5%	32.7%

[†] Source: US Census Bureau.

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

¹ 2005-2019 and 2021-2022 data is sourced from the ACS and therefore total population may differ from other tables; 2000 data is sourced from the decennial census survey. Due to the impact of the COVID-19 pandemic, the Census Bureau changed the 2020 ACS release. Instead of providing the standard 1-year data products, the Census Bureau released experimental estimates from the 1-year data. USAFacts decided not to use the experimental estimates for 2020. USAFacts does not include the experimental 2020 estimates because the US Census Bureau has stated they are experimental only and should not be compared to any other ACS data.

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 over 150 million FIUs.) 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 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>.

Marital status and age

In the US, among the non-elderly, marriage tends to be correlated with higher family incomes. In 2021, a plurality (42%-44% depending on if they have children) of married couples is in the top 20% by income, meaning they earn at least \$145,000 per year, while a plurality (25%-32% depending on if they have children) of single people is in the second 20% income group, where incomes range from \$13,000 to \$42,000 a year. 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 26%, is in the bottom income group, where incomes range from zero to \$13,000, followed closely by 25% in the second 20% income group, where incomes range from \$13,000 to \$42,000. For reference, in 2021, the FPL level was \$12,880 for an individual and \$4,540 for each additional person.

Race and ethnicity

White people make up 78% of all FIUs but just 66% 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 16% 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 \$13,000 a year). At higher income levels, Black representation diminishes, with 6% in the top 1% of income earners. The opposite is true among white people: they make up 78% of all FIUs but 72% of the poorest FIUs and 81% of the wealthiest 1%. People of Hispanic ethnicity, who account for 16% of all FIUs, see 19% of their population in each of the bottom two quintiles and 8% 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 32% of FIUs in the top 20% by income, who earn over \$145,000 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 24% 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, 2024 were as follows:

Name	Age	Position with our Government
Joe Biden	81	President
Kamala Harris	59	Vice President
Mike Johnson	52	Speaker of the House
Steve Scalise	58	House Majority Leader
Hakeem Jeffries	53	House Minority Leader
Charles Schumer	73	Senate Majority Leader
Mitch McConnell	82	Senate Minority Leader
John Roberts	69	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 SEC, 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.

Mr. Johnson is the House Speaker of the US House of Representatives for the 118th Congress and serves Louisiana's 4th district. He was elected to Congress in 2016 and is currently serving his fourth term in Congress. He previously served as Vice Chairman of the House Republican Conference from 2021 to 2023, as well as Deputy Whip, and chairman of the Republican Study Committee from 2019 to 2021. With two decades of previous experience in Constitutional law, Mike served on the House Judiciary Committee, and as chairman of its Subcommittee on the Constitution and Limited Government. He also served as a leader on the Select Committee on the Weaponization of the Federal Government, the House Natural Resources Committee, and the House Armed Services Committee. Mr. Johnson was born in Shreveport, LA and earned his undergraduate degree in Business Administration in 1995 and his J.D. from Louisiana State University in 1998.

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. Scalise serves Louisiana's 1st district and is currently the Majority Leader in the US House of Representatives. Mr. Scalise served as House Minority Whip from 2019 to 2022 and House Majority Whip from 2014 to 2018. He was elected to Congress in 2008 after serving in the Louisiana State Legislature from 1996 to 2008. Mr. Scalise was born in New Orleans, LA and graduated from Louisiana State University where he earned a degree in Computer Science and a minor in Political Science.

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. Jeffries represents New York's 8th district and is currently the Minority Leader in the US House of Representatives. He was elected to Congress in 2012 and is currently serving his sixth term in Congress. Mr. Jeffries served as Chair of the House Democratic Caucus from 2019 to 2022, He is Whip of the Congressional Black Caucus and previously co-chaired the Democratic Policy and Communications Committee from 2017 to 2019. Mr. Jeffries was born in New York City and graduated from the State University of New York at Binghamton where he earned his bachelor's degree in political science. He then received his master's degree in public policy from Georgetown University and attended New York University School of Law, where he graduated magna cum laude and served on the New York University Law Review.

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. Mr. Schumer represented the 9th Congressional District 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 to 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 to 1982, Associate Counsel to President Ronald Reagan, White House Counsel's Office from 1982 to 1986, and Principal Deputy Solicitor General, US Department of Justice from 1989 to 1993. From 1986 to 1989 and 1993 to 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 local³³

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.

PART I
Item 1

Our state governors as of March 1, 2024 were as follows:

Name	Age	State Represented	Party *	Name	Age	State Represented	Party *
Kay Ivey	79	Alabama	R	Greg Gianforte	62	Montana	R
Mike Dunleavy	62	Alaska	R	Jim Pillen	68	Nebraska	R
Katie Hobbs	54	Arizona	D	Joe Lombardo	61	Nevada	R
Sarah Huckabee Sanders	41	Arkansas	R	Chris Sununu	49	New Hampshire	R
Gavin Newsom	56	California	D	Phil Murphy	66	New Jersey	D
Jared Polis	48	Colorado	D	Michelle Lujan Grisham	64	New Mexico	D
Ned Lamont	70	Connecticut	D	Kathy Hochul	65	New York	D
John Carney	67	Delaware	D	Roy Cooper	66	North Carolina	D
Ron DeSantis	45	Florida	R	Doug Burgum	67	North Dakota	R
Brian Kemp	60	Georgia	R	Richard (Mike) DeWine	77	Ohio	R
Josh Green	54	Hawaii	D	John (Kevin) Stitt	51	Oklahoma	R
Brad Little	70	Idaho	R	Tina Kotek	57	Oregon	D
Jay (J.B.) Pritzker	59	Illinois	D	Josh Shapiro	50	Pennsylvania	D
Eric Holcomb	55	Indiana	R	Dan McKee	72	Rhode Island	D
Kim Reynolds	64	Iowa	R	Henry McMaster	76	South Carolina	R
Laura Kelly	74	Kansas	D	Kristi Noem	52	South Dakota	R
Andy Beshear	46	Kentucky	D	Bill Lee	64	Tennessee	R
Jeff Landry	53	Louisiana	R	Gregory Abbott	66	Texas	R
Janet Mills	76	Maine	D	Spencer Cox	48	Utah	R
Wes Moore	45	Maryland	D	Phil Scott	65	Vermont	R
Maura Healey	53	Massachusetts	D	Glen Youngkin	57	Virginia	R
Gretchen Whitmer	52	Michigan	D	Jay Inslee	73	Washington	D
Tim Walz	59	Minnesota	D	Jim Justice	72	West Virginia	R
Tate Reeves	49	Mississippi	R	Tony Evers	72	Wisconsin	D
Michael Parson	68	Missouri	R	Mark Gordon	66	Wyoming	R

Our other territory leaders as of March 1, 2024 were as follows:

Name	Age	Area Represented	Party *	* Party Affiliation Key	
Lemanu Mauga	64	American Samoa	D	D	Democrat
Muriel Bowser	51	District of Columbia	D	I	Independent
Lou Leon Guerrero	73	Guam	D	R	Republican
Arnold Palacios	68	Northern Mariana Islands	I	PNP	New Progressive Party of Puerto Rico
Pedro Pierluisi	64	Puerto Rico	PNP		
Albert Bryan	56	US Virgin Islands	D		

Employees

As of the dates shown below, there were 20.9 million employees of our Government, including:

- 4.3 million federal full-time equivalent employees;
- 4.4 million state full-time equivalent employees, of whom 27% work part-time; and
- 12.2 million local government full-time equivalent employees, of whom 20% work part-time.

PART I
Item 1

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

- education – 43%, of which 76% relate to elementary and secondary education, 24% relate to higher education, and 1% relate to other education;
- active-duty military – 7%;
- hospitals – 6%; and
- police – 6%.

Employees (full-time equivalent) by segment and reporting unit (to the extent allocable) for 2022 were as follows:

March	Total	State and Local	Federal
All government employees	20,941,638	16,592,609	4,349,029
Establish Justice and Ensure Domestic Tranquility	2,711,244	2,381,652	329,592
Police protection	1,172,007	941,756	230,251
Fire protection	383,463	383,463	—
Corrections	679,769	644,918	34,851
Judicial and legal	476,005	411,515	64,490
Provide for the Common Defense	2,196,346	—	2,196,346
National defense and international relations ¹	812,447	—	812,447
Active-duty military ²	1,383,899	—	1,383,899
Promote the General Welfare	4,693,999	3,457,211	1,236,788
Highways	482,013	479,363	2,650
Transit	248,741	248,741	—
Air transportation	94,909	50,994	43,915
Water transport and terminals	18,495	13,784	4,711
Space research and technology	17,741	—	17,741
Public welfare	513,679	502,758	10,921
Housing and community development	119,637	107,221	12,416
Health	666,013	463,505	202,508
Hospitals	1,294,506	1,019,943	274,563
Social insurance administration (state and local) ³	69,700	69,700	—
Solid waste management	104,957	104,957	—
Sewerage	122,412	122,412	—
Water supply	176,938	176,938	—
Electric power	75,751	75,751	—
Gas supply	11,202	11,202	—
Postal service	667,363	—	667,363
State liquor stores	9,942	9,942	—
Secure the Blessings of Liberty to Ourselves and Our Posterity	9,881,214	9,611,829	269,385
Education	9,055,840	9,048,343	7,497
Libraries	129,400	126,119	3,281
Parks and Recreation	292,695	268,014	24,681
Social Insurance Administration (federal) ³	59,984	—	59,984
Natural Resources	343,295	169,353	173,942
General Government and Other	1,458,835	1,141,917	316,918
Financial administration	522,795	423,197	99,598
Other government administration	307,662	284,759	22,903
All other and unallocable	628,378	433,961	194,417

¹ Sources: US Census Bureau, Bureau of Economic Analysis. Federal employees sourced from the Office of Management and Budget in the Appendix section of the annual Budget of the United States.

¹¹ 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."

For 2022, 36% of government employees were represented by unions, including 29% of federal government employees, 32% of state government employees, and 42% of local government employees.³⁴

Talented employees are critical to the success of our Government, and the market for talented employees is competitive. The GAO 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 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.³⁵

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;
- Articles – 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

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 coronavirus disease 2019 (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

Looking into 2024, the US remains at high risk for foreign and domestic terrorism. DHS expects the threat of violence from individuals radicalized in the US to remain high, but largely unchanged, mainly seen through lone offenders or small group attacks that occur with little warning. While sustained counterterrorism pressure has significantly degraded the ability of foreign terrorist organizations to target US interests, foreign terrorist groups like al-Qa'ida and ISIS are seeking to rebuild overseas, and they maintain worldwide networks of supporters that could seek to target the homeland. The spread of mis-, dis-, and malinformation aimed at undermining trust in government institutions, social cohesion, and democratic processes will remain a likely strategy for adverse nation-states. Foreign actors leverage cyber and Artificial Intelligence tools to bolster their malign influence campaigns by improving the translation quality of their content. Our electoral processes remain an attractive target for many adversaries, and we expect many of them will seek to influence or interfere with the 2024 election. Some DVEs may attempt to disrupt civic and democratic processes, mobilized by their perceptions of the upcoming election cycle. Nation-state threat actors likely will seek to use novel technologies and cyber tools to enhance their capabilities and malign influence campaigns, ultimately to undermine our confidence in a free and fair election. Cyber actors likely will seek to exploit election-related networks and data, including state, local, and political parties' networks and election officials' personal devices and e-mail accounts. DHS also expects adverse nation states to continue using predatory economic practices, espionage, and cyber-attacks to try harm the US economy, gain advantage for foreign companies, and steal US intellectual property and trade secrets.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.³⁵

First, the Medicare Hospital Insurance Trust Fund is forecast to be depleted as early as 2027, 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, which infected nearly one third of our population and became the third leading cause of death in 2020 and 2021,³⁸ could bring about widespread illness and loss of life and have a significant negative impact on the US economy. Large numbers of people may need medical care at the same time, causing public health and healthcare systems to 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 absenteeism, and our economy could be negatively impacted. In 2022, the GAO added HHS leadership and coordination of public health emergencies to its high risk list because, for more than a decade, GAO has found persistent deficiencies in HHS's leadership role preparing for and responding to public health emergencies and extreme weather events.

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." In 2021, over 250 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 CDC estimates that the total "economic burden" of opioid use disorder and fatal opioid overdose was estimated to be \$1.02 trillion in 2017, with a majority of the costs attributed to reduced quality of life from opioid use disorder and the value of life lost due to fatal opioid overdose.³⁹

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, and prior year data is often restated. For example, the latest date for which we have detailed corporate tax information is 2020. 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 2021. The latest date

for which we have the Estimated Unauthorized Immigrant Population in the US is 2018. The Census' 2020 ACS data can't be used due to quality concerns.

- 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 R&D spending, UI benefits, SSI 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.³⁵

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 were open as of March 2021.

Increasing cyber security threats challenge our safety, prosperity, and well-being.³⁵

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 4,000 recommendations (133 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. As of February 2023, more than 850 (52 designated priority) of the GAO's information security-related recommendations had not been fully implemented.

Strategic and Operational Risks

Improper payments limit resources available to achieve our objectives.³⁵

Certain government programs are at significant risk for improper payments. Improper payments refer to those made either in an incorrect amount or that should not have been made at all.

In 2022, the Medicare program spent an estimated \$940.4 billion—about 15% of federal spending—to provide health care services for approximately 65 million elderly and disabled beneficiaries. The Medicare program is complex, with more than 1.4 million providers and more than 20 different payment systems. Spending is expected to increase significantly over the next decade as the US population ages and more individuals begin receiving Medicare benefits. According to the GAO, Medicare faces a significant risk for improper payments, which reached an estimated \$46.8 billion in fiscal year 2022.

In fiscal year 2022, Medicaid served about 82 million low-income and medically needy individuals at an estimated cost of \$516 billion. This area is on the GAO's high risk list due, in part, to improper payments, which were nearly \$81 billion in fiscal year 2022.

In 2022, the GAO added the UI program to its high-risk list noting "The [UI] system's persistent difficulties in balancing effective service delivery and mitigating financial loss made it more difficult to successfully launch temporary programs to help unemployed workers during the COVID-19 pandemic. The unprecedented demand for assistance and the need to get the programs up and running quickly resulted in serious challenges for states and a greater risk of improper payments, including those due to fraud." Over the years, DOL regularly reported billions of dollars in annual [UI] improper payments. The problem intensified during the pandemic, with estimated improper payments rising from approximately \$8.0 billion in fiscal year 2020 (a 9.2% rate) to about \$78.1 billion in fiscal year 2021 (an 18.9% rate) and then to \$18.9 billion in fiscal year 2022 (a 22.2% rate). Some of these estimated improper payments were reportedly due to fraud. The main cause for the increase in fraud during the pandemic was identity theft, according to DOL. From March 2020 through January 2022, hundreds of individuals either pled guilty to defrauding UI programs or had federal charges pending against them.

See also discussion of improper payments of income tax refunds under *Recently enacted legislation and tax avoidance put downward pressure on tax revenues, reducing Government resources* below.

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 UI, TANF, and SNAP.

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.

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 116% of GDP in 2034 from 99% in 2024, according to the Congressional Budget Office (CBO). In 30 years, the CBO projects the debt will rise to 172% of GDP. Debt that is high and rising as a percentage of GDP tends to slow economic growth, push up interest payments to foreign holders of US debt, heighten the risk of a fiscal crisis, and make the US fiscal position more vulnerable to an increase in interest rates. Concern about those consequences puts pressure on future decisions about tax and spending policies.

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

On December 22, 2017, the 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 2% of our Government's annual revenue in 2021.

Enforcement of tax laws helps fund our Government. 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 2023, the IRS estimated that the average annual gross tax gap—the difference between taxes owed and taxes paid on time—was \$688 billion for tax year 2021, including \$77 billion for those who didn't file on time, \$542 billion for those who filed on time but understated their tax liability, and \$68 billion that was reported on time but not paid on time. In addition, the IRS estimates that it prevented the theft of about \$10 billion in individual IDT refunds, while it paid between \$50 million and \$250 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 January 19, 2023, when the Treasury Secretary 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.³⁵

The US financial regulatory structure remains complex, with responsibilities fragmented among a number of regulators that have overlapping authorities. The current structure introduces significant challenges for efficient and effective oversight of financial institutions and activities. Modernizing the US financial regulatory system and aligning it to current conditions is essential to ensuring the stability of the financial system, particularly during the period of profound economic disruption associated with the COVID-19 pandemic. In addition, other recent events have highlighted continued challenges in the regulatory system. In March 2023, bank failures and regulators' emergency response raised concerns about the effectiveness of bank supervision. The GAO is examining the supervisory actions leading up to these failures and the effectiveness and implications for regulators' response based on Congressional requests and statutory authority.

The federal role in housing finance expanded during the 2007–2009 financial crisis and remains large. The federal government currently supports about two-thirds of the mortgage market. As a reaction to the financial crisis, our Government 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 over \$7.5 trillion as of December 31, 2023. The federal government also supports mortgages through insurance and guarantee programs. The FHA has an insured portfolio of single-family mortgages that exceeds \$1.2 trillion, and Ginnie Mae guarantees the performance of about \$2.3 trillion in securities backed by mortgages with FHA or other federal support. The COVID-19 pandemic has led to missed mortgage and rent payments that have strained the housing finance system and heightened fiscal risks to the federal government.

Our Government has significant fiscal exposure to risks associated with a changing environment.³⁵

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 the GAO. 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 and is likely to continue to increase. For fiscal year 2022, the federal government's estimated environmental liability was \$626 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* – Contemptuous of its neighbors' independence, Russia's government seeks to use force to impose border changes and to reimpose an imperial sphere of influence. Its extensive track record of territorial aggression includes the escalation of its brutal, unprovoked war against Ukraine. Although its leaders' political and military actions intended to fracture the North Atlantic Treaty Organization (NATO) have backfired dramatically, the goal remains. Russia presents serious, continuing risks in key areas. These include nuclear threats to the US Homeland and US Allies and partners; long-range cruise missile threats; cyber and information operations; counterpace threats; chemical and biological weapons; undersea warfare; and extensive gray zone campaigns targeted against democracies in particular.⁴⁰
- *People's Republic of China (PRC)* – The most comprehensive and serious challenge to US national security is the PRC's coercive and increasingly aggressive endeavor to refashion the Indo-Pacific region and the international system to suit its interests and authoritarian preferences. The PRC seeks to undermine US alliances and security partnerships in the Indo-Pacific region, and leverage its growing capabilities, including its economic influence and the People's Liberation Army's growing strength and military footprint, to coerce its neighbors and threaten their interests. The PRC's increasingly provocative rhetoric and coercive activity towards Taiwan are destabilizing, risk miscalculation, and threaten the peace and stability of the Taiwan Strait. This is part of a broader pattern of destabilizing and coercive PRC behavior that stretches across the East China Sea, the South China Sea, and along the Line of Actual Control, the disputed border between India and China.⁴⁰
- *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 and other weapon proliferation* – In large part due to the actions of our strategic competitors, the international security environment has deteriorated in recent years. The PRC is the overall pacing challenge for US defense planning and a growing factor in evaluating our nuclear deterrent. The PRC has embarked on an

ambitious expansion, modernization, and diversification of its nuclear forces and established a nascent nuclear triad. Russia continues to emphasize nuclear weapons in its strategy, modernize and expand its nuclear forces, and brandish its nuclear weapons in support of its revisionist security policy. The PRC and Russia are also working to augment their growing nuclear forces with a broader set of kinetic and non-kinetic capabilities, including cyber, space, information, and advanced conventional strike. The PRC and Russia also likely possess capabilities relevant to chemical and biological warfare that pose a threat to US, Allied, and partner forces, military operations, and civilian populations. The Democratic People's Republic of North Korea, while not a rival on the same scale as the PRC and Russia, nonetheless also presents deterrence dilemmas for the US and its Allies and partners. It poses a persistent threat and growing danger to the US Homeland and the Indo-Pacific region as it expands, diversifies, and improves its nuclear, ballistic missile, and non-nuclear capabilities, including its chemical weapon stockpile. Iran does not today possess a nuclear weapon and we currently believe it is not pursuing one. However, recent Iranian activities previously constrained by the Joint Comprehensive Plan of Action are of great concern as they are applicable to a nuclear weapons program.⁴⁰

- *Alliances and Partnerships* – We cannot meet these complex and interconnected challenges alone. Mutually-beneficial alliances and partnerships are our greatest global strategic advantage - and they are a center of gravity for this strategy. We will strengthen major regional security architectures with our allies and partners based on complementary contributions; combined, collaborative operations and force planning; increased intelligence and information sharing; new operational concepts; and our ability to draw on joint forces worldwide. In the Indo-Pacific region, we will modernize our alliance with Japan and deepen our alliance with Australia. In Europe, we will maintain our bedrock commitment to the NATO collective security, working alongside allies and partners to deter, defend, and build resilience against further Russian military aggression. In the Middle East, we will continue to right-size our forward military presence following the mission transition in Afghanistan and continuing our “by, with, and through” approach in Iraq and Syria. In the Western Hemisphere, we continue to partner with countries in the region to build capability and promote security and stability. In Africa, we will prioritize disrupting Violent Extremist Organizations threats against the US Homeland and vital US national interests, working “by, with, and through” our African partners. In the Arctic, we will deter threats to the US Homeland from and through the Arctic region by partnering with Canada to enhance North American Aerospace Defense Command capabilities, and working with allies and partners to increase shared maritime domain awareness.⁴⁰
- *Cyberwarfare* – 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.³⁵

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 2032, 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) backs over \$3 trillion in pension benefits of over 31 million Americans through insurance programs that guarantee pension benefits when plans fail. The PBGC 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. In 2021, the ARP established a new multiemployer Special Financial Assistance Program (SFA) to help eliminate PBGC's deficit by providing funding assistance to severely underfunded multiemployer pension plans. The SFA payments are derived from appropriated funds and financed by general revenues of the Treasury. According to the PBGC's 2023 Annual Report, the PBGC Single-Employer Program is in a positive net financial position, which is projected to grow over the next 10 years. The PBGC Multiemployer Program improved during FY 2023 to a positive net position and is likely to remain solvent for more than 40 years, primarily due to the enactment of the ARP and PBGC's implementation of the SFA Program. The GAO removed PBGC from its high risk report in 2023 because the financial condition and outlook for its programs have improved, due to both action taken by Congress and more favorable underlying financial conditions. However, the GAO will continue to monitor these programs.

Failure to maintain and upgrade the nation's surface transportation system could curb economic growth and adversely affect the quality of life for citizens.³⁵

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 GAO, 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. In 2021, Congress passed the *Infrastructure Investment and Jobs Act* (IIJA), which provides approximately \$541 billion in funding for surface transportation for fiscal years 2022 through 2026. 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.⁴¹

Following IIJA's enactment, the CBO projected in February 2023 that Highway Trust Fund spending would exhaust available revenues beginning in 2028 and that an additional \$208 billion would be required to maintain inflation adjusted spending at current spending levels plus inflation through 2032.

Recruiting and retaining skilled Government workers is key to delivering essential, and in many cases life-saving, services to the American people.³⁵

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. As one example, in 2023, the GAO added strengthening the management of the federal prison system to its high risk list. The Bureau of Prisons has consistently experienced leadership changes over recent years and has longstanding staffing challenges, such as vacancies and the growing use of overtime to help address them, which continue to present a serious threat to inmate and staff safety.

Item 1C. Cybersecurity³⁵

Risk management and strategy

Federal agencies and our nation's critical infrastructure—such as energy, transportation systems, communications, and financial services—depend on IT systems to carry out operations and process essential data. The security of these systems and data is vital to protecting individual privacy and national security.

However, risks to IT systems are increasing—in particular, malicious actors are becoming more willing and capable of carrying out cyberattacks. Additionally, there has been an increase in most types of cyberattacks across the US, and the cost of these attacks is also increasing. In 2021, there were 2.6 million reported cybersecurity incidents in the US as compared to 0.5 million in 2016.

Additionally, since many government IT systems contain vast amounts of personally identifiable information (PII), federal agencies must protect the confidentiality, integrity, and availability of this information—and effectively respond to data breaches and security incidents. Likewise, the trend in the private sector of collecting extensive and detailed information about individuals needs appropriate limits. Federal agencies reported 32,511 information security incidents in fiscal year 2021.

To highlight the importance of cybersecurity issues, the GAO has designated information security as a government-wide high-risk area since 1997. This high-risk area was expanded in 2003 to include the protection of critical cyber infrastructure and, in 2015, to include protecting the privacy of PII. GAO has made over 4,000 recommendations to federal agencies to address cybersecurity shortcomings. However, over 880 of these had not been fully implemented as of December 2022. Of these, we designated 134 as priority recommendations, meaning that the GAO believes they warrant priority attention from heads of key departments and agencies. Until these shortcomings are addressed, federal and critical infrastructure IT systems will be increasingly susceptible to cyber threats.

The White House's *National Cybersecurity Strategy* document details the executive branch's approach to managing the nation's cybersecurity. Deep and enduring collaboration between stakeholders across our digital ecosystem will be the foundation upon which we make it more inherently defensible, resilient, and aligned with US values. This strategy seeks to build and enhance collaboration around five pillars: (1) Defend Critical Infrastructure, (2) Disrupt and Dismantle Threat Actors, (3) Shape Market Forces to Drive Security and Resilience, (4) Invest in a Resilient Future, and (5) Forge International Partnerships to Pursue Shared Goals. Each effort requires unprecedented levels of collaboration across its respective stakeholder communities, including the public sector, private industry, civil society, and international allies and partners. The pillars organizing this strategy articulate a vision of shared purpose and priorities for these communities, highlight challenges they face in achieving this vision, and identify strategic objectives around which to organize their efforts.

To realize the vision these pillars lay out, we will make two fundamental shifts in how the US allocates roles, responsibilities, and resources in cyberspace. In realizing these shifts, we aspire not just to improve our defenses, but to change those underlying dynamics that currently contravene our interests.

Rebalance the responsibility to defend cyberspace

The most capable and best-positioned actors in cyberspace must be better stewards of the digital ecosystem. Today, end users bear too great a burden for mitigating cyber risks. Individuals, small businesses, state and local governments, and infrastructure operators have limited resources and competing priorities, yet these actors' choices can have a significant impact on our national cybersecurity. A single person's momentary lapse in judgment, use of an outdated password, or

errant click on a suspicious link should not have national security consequences. Our collective cyber resilience cannot rely on the constant vigilance of our smallest organizations and individual citizens.

Instead, across both the public and private sectors, we must ask more of the most capable and best positioned actors to make our digital ecosystem secure and resilient. In a free and interconnected society, protecting data and assuring the reliability of critical systems must be the responsibility of the owners and operators of the systems that hold our data and make our society function, as well as of the technology providers that build and service these systems. Government's role is to protect its own systems; to ensure private entities, particularly critical infrastructure, are protecting their systems; and to carry out core governmental functions such as engaging in diplomacy, collecting intelligence, imposing economic costs, enforcing the law, and, conducting disruptive actions to counter cyber threats. Together, industry and government must drive effective and equitable collaboration to correct market failures, minimize the harms from cyber incidents to society's most vulnerable, and defend our shared digital ecosystem.

Realign incentives to favor long-term investments

Our economy and society must incentivize decision-making to make cyberspace more resilient and defensible over the long term. Balancing short-term imperatives against a long-term vision will be no easy task. We must defend the systems we have now, while investing in and building toward a future digital ecosystem that is more inherently defensible and resilient.

This strategy outlines how the Federal Government will use all tools available to reshape incentives and achieve unity of effort in a collaborative, equitable, and mutually beneficial manner. We must ensure that market forces and public programs alike reward security and resilience, build a robust and diverse cyber workforce, embrace security and resilience by design, strategically coordinate R&D investments in cybersecurity, and promote the collaborative stewardship of our digital ecosystem. To achieve these goals, the Federal Government will focus on points of leverage, where minimally invasive actions will produce the greatest gains in defensibility and systemic resilience.

The Federal Government is making generational investments in renewing our infrastructure, digitizing and decarbonizing our energy systems, securing our semiconductor supply chains, modernizing our cryptographic technologies, and rejuvenating our foreign and domestic policy priorities. The US has an opportunity to rebalance the incentives necessary to lay a stronger, more resilient foundation on which to build the future of our digital ecosystem.

You can find more details in the full *National Cybersecurity Strategy* and the *National Cybersecurity Implementation Plan*.

Governance

In June 2021, the Senate confirmed the first National Cyber Director to head the Office of the National Cyber Director (ONCD) and serve as the principal advisor to the President on cybersecurity policy and strategy. The ONCD's mission is to advance national security, economic prosperity, and technological innovation through cybersecurity policy leadership. In carrying out its directive, ONCD works closely with White House and interagency partners, as well as with all levels of government, America's international allies and partners, non-profits, academia, and the private sector, to shape and coordinate federal cybersecurity policy. Guided by the President's vision, as articulated in the *National Cybersecurity Strategy*, ONCD is working to create a more equitable, safe, and resilient interconnected world in which every American can thrive and prosper.

You can find more details at <https://www.whitehouse.gov/oncd/>.

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 (CRS) 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 CRS, 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	2022
Land acres¹	49,601,819	42,343,516	26,751,439	27,443,005	27,342,563
Owned and otherwise managed acres	47,909,576	41,015,497	25,209,573	26,037,355	25,763,210
Total annual operating costs (in thousands) ^{2,3}	\$ 122,890	\$ 125,059	\$ 137,551	\$ 156,028	\$ 162,430
Leased acres	1,692,243	1,328,020	1,361,866	1,405,650	1,579,353
Total annual lease costs (in thousands) ^{2,4}	\$ 49,568	\$ 50,728	\$ 42,349	\$ 47,656	\$ 51,372

[†] Data source is the General Services Administration (GSA) FY 2022 Federal Real Property Profile (FRPP) Summary Data Set. The GSA reports that DOD data is not available for 2017, 2018, and 2021. 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, 2018, and 2021 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.

PART I
Item 2

- 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 2022 was as follows:

Fiscal year (In thousands)	Acres		
Agency	OOM	Leased	Total
Corps of Engineers	7,608	161	7,769
Army Department	5,836	1,131	6,967
Department of Interior	6,221	1	6,222
Department of Energy	2,193	3	2,196
Navy Department	1,743	20	1,763
Air Force Department	1,540	100	1,640
Other department or agency	622	164	786
Total	25,763	1,580	27,343

[†] Data source is the GSA FY 2022 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	2022
Buildings⁴	273,125	267,127	286,773	285,842	278,933
OOM ¹	253,481	247,723	268,043	267,119	260,629
Total square feet (in thousands)	2,520,991	2,490,265	2,546,061	2,550,044	2,537,452
Total annual operating costs (in thousands) ^{3,6}	\$ 11,644,642	\$ 12,022,269	\$ 16,356,346	\$ 15,957,212	\$ 17,077,868
Leased	19,644	19,404	18,730	18,723	18,304
Total square feet (in thousands)	283,125	280,103	286,138	288,674	277,055
Total annual lease costs (in thousands) ^{3,7}	\$ 7,103,442	\$ 7,284,160	\$ 7,630,462	\$ 7,936,381	\$ 8,319,884
Structures⁷	496,022	496,174	525,240	537,080	557,168
OOM ¹	492,263	492,725	521,948	533,580	553,817
Total annual operating costs (in thousands) ^{3,6}	\$ 8,787,913	\$ 6,326,949	\$ 12,023,494	\$ 12,458,616	\$ 12,353,717
Leased	3,759	3,449	3,292	3,500	3,351
Total annual lease costs (in thousands) ^{3,7}	\$ 58,053	\$ 59,135	\$ 64,360	\$ 70,964	\$ 94,463
Buildings real property utilization⁸					
Utilized	96,718	89,359	117,601	120,737	127,504
Underutilized	3,598	7,859	4,413	3,023	1,934
Unutilized	3,414	3,120	15,199	12,679	2,732
Repair needs^{1,2}					
OOM building repair needs costs (in thousands)					\$ 160,072,467
OOM structure repair needs costs (in thousands) ⁵					\$ 190,661,633

[†] Data source is the GSA FY 2022 FRPP Summary Data Set. The GSA reports that DOD data is not available for 2017, 2018, and 2021. 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, 2018, and 2021 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.

PART I
Item 2

- 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 (2022)

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 2.5 billion square feet are owned and otherwise managed and 277 million square feet are leased. Information by use and by government agency as of 2022 are shown in the tables below:

Buildings Real Property Use Fiscal year (in thousands, except per sq ft)	Annual		OOM	Leased		
	OOM sq/ft ¹	Operating and Maintenance Costs ^{1,4}	Annual Costs per sq/ft ^{1,4}	Leased sq/ft	Leased Annual Costs ^{2,4}	Annual Costs per sq/ft ^{2,4}
Total	2,537,452	\$ 17,077,868	\$ 6.73	277,055	\$ 8,319,884	\$ 30.03
Office	466,648	\$ 3,055,730	\$ 6.55	171,614	\$ 5,689,255	\$ 33.15
Service	397,123	\$ 2,047,943	\$ 5.16	6,137	\$ 46,120	\$ 7.51
Warehouses	291,124	\$ 813,185	\$ 2.79	25,638	\$ 284,190	\$ 11.08
School	253,495	\$ 1,577,839	\$ 6.22	2,803	\$ 27,046	\$ 9.65
Dormitories/Barracks	228,686	\$ 1,177,190	\$ 5.15	1,515	\$ 17,026	\$ 11.24
Laboratories	175,002	\$ 2,377,470	\$ 13.59	4,894	\$ 162,433	\$ 33.19
Other institutional uses	164,827	\$ 1,022,288	\$ 6.20	2,210	\$ 37,783	\$ 17.09
Hospital	117,817	\$ 1,468,245	\$ 12.46	526	\$ 16,085	\$ 30.56
Industrial	105,357	\$ 1,055,620	\$ 10.02	1,507	\$ 4,697	\$ 3.12
Outpatient healthcare facility	44,137	\$ 508,652	\$ 11.52	17,299	\$ 742,405	\$ 42.92
Courthouse	43,706	\$ 267,001	\$ 6.11	3,882	\$ 139,548	\$ 35.94
Family housing	43,501	\$ 177,534	\$ 4.08	1,659	\$ 19,352	\$ 11.67
Prisons and detention centers	42,487	\$ 298,869	\$ 7.03	92	\$ 898	\$ 9.73
Communications systems	20,119	\$ 202,732	\$ 10.08	700	\$ 9,637	\$ 13.77
Navigation and traffic aids	12,777	\$ 276,395	\$ 21.63	655	\$ 18,332	\$ 27.97
Child care center	9,188	\$ 39,740	\$ 4.33	26	\$ 428	\$ 16.48
Museum	7,394	\$ 40,268	\$ 5.45	296	\$ 114	\$ 0.39
Land port of entry	5,809	\$ 72,524	\$ 12.48	805	\$ 17,666	\$ 21.95
Facility security	4,955	\$ 24,381	\$ 4.92	48	\$ 529	\$ 10.96
Data centers	3,116	\$ 77,653	\$ 24.92	387	\$ 13,058	\$ 33.72
Border/Inspection station	2,676	\$ 14,676	\$ 5.48	3,872	\$ 78,028	\$ 20.15
Comfort stations/Restrooms	1,790	\$ 23,515	\$ 13.14	5	\$ 138	\$ 28.38
Public facing facility	1,612	\$ 8,381	\$ 5.20	18,596	\$ 615,113	\$ 33.08
Post office	1,018	\$ 6,529	\$ 6.41	—	\$ —	\$ —
Aviation security related	370	\$ 3,972	\$ 10.73	3,557	\$ 186,182	\$ 52.34
All other ³	92,718	\$ 439,536	\$ 4.74	8,332	\$ 193,821	\$ 23.26

¹ Data source is the GSA FY 2022 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.

PART I
Item 2, 3

Fiscal year (In thousands)	Building Square Feet			
	Agency	OOM	Leased	Total
Army Department		735,687	21,897	757,584
Air Force Department		458,669	3,927	462,596
Navy Department		433,986	3,232	437,218
General Services Administration		229,807	180,622	410,429
Department of Veterans Affairs		156,470	22,502	178,972
Department of Energy		112,650	630	113,280
Department of Interior		100,453	2,760	103,213
Other department or agency		309,730	41,485	351,215
Total		2,537,452	277,055	2,814,507

¹ Data source is the GSA FY 2022 FRPP Summary Data Set.

The 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.³⁵ The use of federal real property was greatly impacted by the COVID-19 pandemic, and federal buildings remain underutilized. According to a 2023 Federal Real Property Council study, most of the federal agencies were using an estimated 25% or less of their headquarters' capacity. Three primary causes for the low space utilization were (1) excess space long-standing challenges, (2) building configurations do not support a modern workplace, and (3) agencies have embraced hybrid and remote work.⁴²

Federal Indian reservations⁴³

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.

International⁴⁴

We are not aware of a current aggregated source for land held by our Government outside of the US. However, the DOD reports on its overseas holdings. As of 2022, the DOD managed a worldwide real property portfolio that spanned 49 territories and foreign countries. Locations comprising at least 10 acres or \$10 million of replacement value (466 in total) are:

- *By country* – Germany (93 sites), Japan (76 sites), and South Korea (62 sites) had the most sites by country;
- *By service* – 190 were for the Army, 114 for the Air Force, 141 for the Navy, and 21 for the Marine Corps; and
- *By value* – 48 had no replacement value, 290 had a replacement value of more than \$0 and less than \$500 million each, 51 had a replacement value of equal to or more than \$500 million and less than \$1 billion each, 31 had a replacement value of equal to or more than \$1 billion and less than \$2 billion each, 46 had a replacement value of equal to or more than \$2 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 22 –Contingencies* for a discussion of these items.

Part II

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, 2021, 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*.

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 333 million people (as of 2022), 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 51% of expenditures in 2021, most significantly for Social Security, Medicare, and Medicaid. Personnel and compensation costs is our Government's second-largest expenditure, comprising 21% of expenditures in 2021. By segment, our Government's most significant expenditures are for securing the blessings of liberty to ourselves and our posterity, comprising 44% of expenditures in 2021.

Trends

During the one-year, five-year, and 10-year periods ending in 2021, 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 years 2020 and 2021 were tumultuous as we experienced and began to recover from a worldwide pandemic of a respiratory disease, COVID-19. This pandemic, despite our attempts to mitigate it, has had a significant negative impact on the health and well-being of the US population, as well as on the US economy. Despite these challenges, certain key metrics showed progress, particularly when looking back over a decade. Highlights in key metrics for these years are summarized below.

When comparing 2021 to 2011, we made progress towards our objectives by:

- ***growing our economy and personal wealth***, by many measures, including most notably increasing: the S&P 500; private fixed investment; gross domestic product (GDP); new home sales; median annual wage; net asset accumulation, including total and average household financial and real estate assets; private retirement plan assets per person; and numbers of businesses, including those less than one year old; while decreasing workers at or below minimum wage, bank failures, and bankruptcy filings;
- ***reducing property crime and certain types of physical harm***, including most notably reducing: reported property crime, and arrests, jailed and imprisoned populations, and sentencings for crimes overall; unauthorized persons removed or returned; workplace violations and non-fatal workplace injuries, along with increased back wages recovered per injury; overall numbers of active-duty military deaths and US civilian deaths overseas; and most types of civil rights crimes reported;
- ***improving quality of life for certain populations***, including reducing victimization rates of children ages 4 to 17 years old, numbers of children in poverty, the percentage of Americans uninsured, active-duty military personnel who are stationed abroad, prices of crude oil, hours of commuter highway and Amtrak delays, and gallons of fuel wasted, while increasing passports in circulation; and
- ***tending to our environment***, including reducing numbers of poor air quality days in certain large cities, drinking water violations, and crop failures, 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 reports of most categories of violent crime, civilian deaths from other structure fires, highway vehicle fires, "other" fires, and highway crashes; numbers and costs of disasters; consumer complaints; hate crimes reported; intellectual property seizures; border apprehensions of illegal aliens; and airport discoveries of loaded firearms;
- ***increasing challenges to the health of our population***, including increasing: deaths from accidents, heroin poisoning, other opioids, and other synthetic narcotics, and firearms; acres burned in wildland fires; and personal healthcare expenditures;
- ***insufficiently protecting our children***, including increasing child fatalities as a result of maltreatment, victimization of children ages birth to one year old, and numbers of homeless children enrolled in school; and

- **increasing challenges to the affordability of certain goods and services**, including increasing costs of higher education and median new home prices and median gross rent, coupled with inflation that exceeds the rate targeted by the Federal Reserve.

Many of these key metric changes can be seen as representing the opposite of progress or retreat from our objectives as we've indicated them above, or somewhere in-between, depending on your own personal views. To allow readers to develop their own opinions on these topics and more, we provide the respective metric data under *Key metrics by segment* below.

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 \$46.7 trillion and \$20.7 trillion, respectively, at September 30, 2021. Expenditures increased 73% between 2011 and 2021, when they reached a record high of \$9.1 trillion annually. Our Government increased its annual deficit by 50% from 2011 to \$1.5 trillion in 2021, due in part to the impact of the COVID-19 pandemic. In 2021, our Government took in more revenue, primarily from individual income taxes and earnings on state and local investments, while it also spent more to help the population regain its health, to support those who needed assistance due to the economic impacts of the crisis, and to stimulate the economy. Please see additional discussion of COVID-19 below under *Macroeconomy and related government actions – The following five years*.

Macroeconomy and related government actions

Key economic indicators

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

	2021	2020	2016	2011
Interest rates				
10-year Treasury Rate (calendar year)	1.45%	0.89%	1.84%	2.78%
US Federal Funds Rate (calendar year)	0.08%	0.37%	0.39%	0.10%
US Bank Prime Loan Rate (state and local fiscal year)	3.25%	4.45%	3.38%	3.25%
Economic indicators				
GDP (calendar year)	23,594	21,323	18,805	15,600
GDP (fiscal year)	23,026	21,373	18,677	15,462
Average annual US inflation rate (calendar year)	4.7%	1.2%	1.3%	3.2%
Average annual US inflation rate (fiscal year)	3.3%	1.4%	0.9%	2.7%
<i>Change in average annual US inflation from the respective fiscal year to 2021</i>	<i>—ppt</i>	<i>1.9ppt</i>	<i>2.4ppt</i>	<i>0.6ppt</i>
Stock indices				
Standard and Poor's 500 (S&P 500) average daily closing price:				
Federal fiscal year – October 1 to September 30	4,007	3,099	2,061	1,262
<i>Change from the respective year to 2021</i>	<i>—%</i>	<i>29%</i>	<i>94%</i>	<i>218%</i>
State and local fiscal year – July 1 to June 30	3,728	3,007	2,027	1,230
<i>Change from the respective year to 2021</i>	<i>—%</i>	<i>24%</i>	<i>84%</i>	<i>203%</i>
Differences between beginning and ending closing prices of select stock indices, July 1 of the prior year compared to June 30:				
S&P 500	1,197	159	36	290
<i>Change from the respective year to 2021</i>	<i>—%</i>	<i>655%</i>	<i>nm</i>	<i>313%</i>
Deutsche Boerse AG German Stock Index, Performance (DAXI) – in Euros	3,220	(88)	(1,265)	1,411
<i>Change from the respective year to 2021</i>	<i>—%</i>	<i>nm</i>	<i>(355)%</i>	<i>128%</i>
Nikkei 225: N225 (NIKKEI) – in Japanese Yen	6,503	1,012	(4,660)	433
<i>Change from the respective year to 2021</i>	<i>—%</i>	<i>542%</i>	<i>(240)%</i>	<i>nm</i>
Financial Times Stock Exchange 100 Index: UKX (FTSE)	868	(1,256)	(17)	1,029
<i>Change from the respective year to 2021</i>	<i>—%</i>	<i>(169)%</i>	<i>nm</i>	<i>(16)%</i>
Chicago Board Options Exchange Volatility Index (VIX) at June 30	16	30	16	17

PART II
Item 7

Asset and service prices								
West Texas Intermediate (WTI) crude oil spot price (calendar year, per barrel)	\$	68.13	\$	39.16	\$	43.29	\$	94.88
Consumer Price Index (average monthly for the fiscal year):								
Consumer price index		266.6		258.0		238.9		223.1
<i>Growth from the respective year to 2021</i>		—%		3%		12%		19%
Food price index		276.8		266.6		247.7		227.9
<i>Growth from the respective year to 2021</i>		—%		4%		12%		21%
Medical care price index		523.0		515.9		459.1		397.0
<i>Growth from the respective year to 2021</i>		—%		1%		14%		11%
Medical care commodities price index		377.0		384.6		362.6		321.6
<i>Growth from the respective year to 2021</i>		—%		(2)%		4%		17%
Medical care services price index		570.1		558.2		490.0		420.3
<i>Growth from the respective year to 2021</i>		—%		2%		16%		36%
Hospital and related services price index		941.6		914.2		787.1		633.4
<i>Growth from the respective year to 2021</i>		—%		3%		20%		49%
Housing (calendar year unless otherwise noted)								
US 30-year fixed-rate mortgage interest rate		2.96%		3.11%		3.65%		4.45%
Median new home sales price (in thousands) ¹	\$	397	\$	331	\$	305	\$	221
Median home value (in thousands) (state and local fiscal year except 2021, which is calendar year) ²	\$	281		na	\$	200	\$	177
Existing home sales (in thousands of housing units) ³		6,120		5,640		5,450		na
New home sales (in thousands of housing units)		771		821		561		305

¹ Sources: Federal Reserve, Bureau of Labor, Federal Home Loan Mortgage Corporation (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.

^{nm} An “nm” reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

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. This data point uses the American Community Survey (ACS). Due to the impact of the COVID-19 pandemic, the Census Bureau changed the 2020 ACS release. Instead of providing the standard 1-year data products, the Census Bureau released experimental estimates from the 1-year data. USAFacts decided not to use the experimental estimates and to leave 2020 blank. Similarly, we provide calendar year data for 2021 rather than fiscal year, as we elected not to use the 2020 data to calculate fiscal year.

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

Background

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, the Federal National Mortgage Association (Fannie Mae) and Freddie Mac were placed in conservatorship by the Federal Housing Finance Agency. Ultimately, a broader package called 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 (MBS), 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 funding for stabilizing 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. As of September 30, 2023, the total amount disbursed for TARP programs was \$443.5 billion and the Office of Financial Stability collected \$425.5 billion (or \$443.1 billion if including the \$17.5 billion in proceeds from the additional Treasury American International Group, Inc. [AIG] shares) through repayments, sales, dividends, interest, and other income. After considering the interest expense of \$13.1 billion, the net cost of TARP programs was \$31.1 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 (SNAP) (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 (EITC), 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.

The first five years discussed in this MD&A

The first five-year period discussed in this MD&A began in 2011 as we were recovering from the recession. This period was one of numerous changes in individual income tax law. 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. 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.

When comparing fiscal years 2011 and 2016, nominal GDP increased 21%, 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; manufacturing; and government. The S&P 500 index grew 65%, while the average annual US inflation rate decreased from 2.7% in 2011 to 0.9% in 2016.

The following five years

The second and final five years of the 10-year window included in this MD&A was marked by a new Federal Government administration and economic growth after the Great Recession, followed by sharp economic decline and recovery and other challenges resulting from the COVID-19 pandemic.

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 became 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.

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 resulted in a severe global health and economic crisis. To aid the nation's recovery from COVID-19, Congress passed a series of special appropriations for our Government to use in relief efforts, totaling \$2,209 billion and \$2,634 billion in fiscal years 2021 and 2020, respectively. COVID-19 appropriations included:

- a refundable tax credit (recovery rebate), referred to as an Economic Impact Payment (EIP):
 - Starting in March 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act) provided EIP of up to \$1,200 per adult for eligible individuals and \$500 per qualifying child under age 17. The payments were reduced for individuals with AGI greater than \$75,000 (\$150,000 for married couples filing a joint return). For a family of four, EIP provided up to \$3,400 of direct financial relief.
 - The COVID-related *Tax Relief Act of 2020*, enacted in late December 2020, authorized additional payments of up to \$600 per adult for eligible individuals and up to \$600 for each qualifying child under age 17. The AGI thresholds at which the payments began to be reduced were identical to those under the CARES Act.
 - The *American Rescue Plan Act of 2021* (ARP), enacted in early March 2021, provided EIP of up to \$1,400 for eligible individuals or \$2,800 for married couples filing jointly, plus \$1,400 for each qualifying dependent, including adult dependents, rather than just qualifying children under age 17. For this third round of EIP, the ARP required an additional "plus-up" payment, which is based on information (such as a recently filed 2020 tax return) that the IRS received after making the initial payment to the eligible individual.
- several unemployment programs - see details under *Part I. Item 1. Purpose and Function of Our Government / Major government programs / Unemployment Insurance* of this report;
- payments to state, local, territorial, and tribal governments to cover eligible costs incurred in response to the pandemic;
- funds for a variety of education programs administered primarily through grant programs;
- funds to support small businesses and other entities that have been affected during the COVID-19 pandemic, primarily through 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. Small Business Administration (SBA) also administered the *Economic Injury Disaster Loan* (EIDL) program designed to provide loans to small business owners.
- appropriations to support testing, contact tracing, containment, and mitigation to monitor and suppress the spread of COVID-19, to support COVID-19 vaccination programs as well as address disparities in obtaining quality healthcare; to assist eligible health care providers for health care related expenses or lost revenues attributed to the COVID-19 pandemic; and loans and grants to small businesses, health care providers, and hospitals; and
- financial assistance payments to passenger air carriers and contractors to provide payroll support to aviation workers during the pandemic.

In January 2021, Joe Biden was sworn in as the 46th president of the US. During the following year, we continued to rebound from disruptions related to the COVID-19 pandemic, supported by monetary and fiscal policy, substantial progress in vaccination, and broadly accommodative financing conditions. Asset valuation pressures grew in several markets over the year amidst an improvement in the macroeconomic outlook and low interest rates. Broad equity market indexes reached record highs and corporate bond spreads remained at low levels by historical standards. In the residential real estate market, rapid price gains also reflected strong demand. The rapid pace of the economic recovery in 2021 was accompanied by growing pains, evidenced by supply problems or rising prices in many markets.

When comparing fiscal years 2016 and 2021, nominal GDP grew by 23% with the following sectors experiencing the largest increases: finance, insurance, real estate, rental, and leasing; professional and business services; retail trade; government; educational services, healthcare, and social assistance; and information. The S&P 500 index grew 84%, while the average annual US inflation rate increased from 0.9% in 2016 to 3.3% in 2021.

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 the Consumer Price Index – All Urban Consumers - CPI-U) 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:

- 2020 to 2021 – 0.7 million* people or less than 1%*, 0.3 million* through births and deaths and 0.4 million* through migration;
- 2016 to 2021 – 7.4 billion* people or 2%*, 4.1 million* through births and deaths and 3.3 million* through migration; and
- 2011 to 2021 – 18.9 million* people or 6%*, 10.9 million* through births and deaths and 8.0 million* through migration.

Our population aged 65 years and older grew by:

- 2020 to 2021 – 1.2 million* people or 2%*;
- 2016 to 2021 – 7.1 million* people or 14%*; and
- 2011 to 2021 – 14.7 million* people or 36%*.

These population changes were impacted by deaths from COVID-19, including 0.5 million and 0.4 million in calendar year 2021 and 2020, respectively, for the population as a whole and 0.3 million for the population aged 65 years and older in both years.⁴⁵

Summary results of operations

The figures in the table below represent results of operations highlights for our Government, comprising combined federal, state, and local government figures. Though we do not discuss all of these time periods within the MD&A, we include this information here as background to enhance an understanding of, and highlight, certain significant trends as part of the MD&A's objective to provide material information relevant to an assessment of the financial condition and results of operations.

(In billions) Year Ended September 30,	2021	2020	2015	2010	2005	2000	1990	1980
As reported								
Revenue	\$ 7,607	\$ 5,752	\$ 5,172	\$ 3,931	\$ 3,640	\$ 3,214	\$ 1,638	\$ 770
Expenditures	\$ 9,139	\$ 8,854	\$ 5,663	\$ 5,130	\$ 3,826	\$ 2,804	\$ 1,817	\$ 833
Surplus (deficit)	\$ (1,532)	\$ (3,102)	\$ (491)	\$ (1,199)	\$ (186)	\$ 410	\$ (179)	\$ (63)
Adjusted for inflation¹								
Revenue	\$ 7,607	\$ 5,944	\$ 5,825	\$ 4,822	\$ 5,015	\$ 5,018	\$ 3,393	\$ 2,566
Expenditures	\$ 9,139	\$ 9,149	\$ 6,378	\$ 6,292	\$ 5,271	\$ 4,378	\$ 3,764	\$ 2,776
Surplus (deficit)	\$ (1,532)	\$ (3,205)	\$ (553)	\$ (1,470)	\$ (256)	\$ 640	\$ (371)	\$ (210)

¹ To show the financial highlights in "real" terms, we have calculated and reported inflation-adjusted amounts using the CPI-U with a baseline year of 2021.

PART II
Item 7

Following are summary results of operations for the periods analyzed within this MD&A:

(In billions, except percentages)	2021			2020			Changes					
	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	\$ 7,607	\$ 4,080	\$ 3,527	\$ 5,752	\$ 3,446	\$ 2,306	\$ 1,855	\$ 634	\$ 1,221	32%	18%	53%
Expenditures	9,139	5,739	3,400	8,854	5,672	3,182	285	67	218	3%	1%	7%
Intergovernmental (expenditures) revenues ¹	—	(1,117)	1,117	—	(908)	908	—	(209)	209	—%	23%	23%
Net surplus (deficit)	\$ (1,532)	\$ (2,776)	\$ 1,244	\$ (3,102)	\$ (3,134)	\$ 32	\$ 1,570	\$ 358	\$ 1,212	(51)%	(11)%	nm
Estimated impact of inflation on net surplus (deficit)							\$ (103)	\$ (104)	\$ 1	3%	3%	3%
Estimated impact of population growth on net surplus (deficit)							(5)	(5)	—	—%	—%	—%

(In billions, except percentages)	2021			2016			Changes					
	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	\$ 7,607	\$ 4,080	\$ 3,527	\$ 5,098	\$ 3,297	\$ 1,801	\$ 2,509	\$ 783	\$ 1,726	49%	24%	96%
Expenditures	9,139	5,739	3,400	5,865	3,191	2,674	3,274	2,548	726	56%	80%	27%
Intergovernmental (expenditures) revenues ¹	—	(1,117)	1,117	—	(691)	691	—	(426)	426	—%	62%	62%
Net surplus (deficit)	\$ (1,532)	\$ (2,776)	\$ 1,244	\$ (767)	\$ (585)	\$ (182)	\$ (765)	\$ (2,191)	\$ 1,426	100%	375%	(784)%
Estimated impact of inflation on net surplus (deficit)							\$ (89)	\$ (68)	\$ (21)	12%	12%	12%
Estimated impact of population growth on net surplus (deficit)							(21)	(16)	(5)	3%	3%	3%

(In billions, except percentages)	2021			2011			Changes					
	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	\$ 7,607	\$ 4,080	\$ 3,527	\$ 4,278	\$ 2,329	\$ 1,949	\$ 3,329	\$ 1,751	\$ 1,578	78%	75%	81%
Expenditures	9,139	5,739	3,400	5,296	2,991	2,305	3,843	2,748	1,095	73%	92%	48%
Intergovernmental expenditures (revenues) ¹	—	(1,117)	1,117	—	(637)	637	—	(480)	480	—%	75%	75%
Net surplus (deficit)	\$ (1,532)	\$ (2,776)	\$ 1,244	\$ (1,018)	\$ (1,299)	\$ 281	\$ (514)	\$ (1,477)	\$ 963	50%	114%	343%
Estimated impact of inflation on net surplus (deficit)							\$ (198)	\$ (253)	\$ 55	19%	19%	19%
Estimated impact of population growth on net surplus (deficit)							(67)	(85)	18	7%	7%	7%

¹ See separate schedule and discussion of intergovernmental transfers at Note 26 – Intergovernmental transfers (Part II, Item 8 within this annual report).

^{nm} An “nm” reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

Our Government ran a net deficit in each of the years discussed in this MD&A and in all intervening years (between 2011 and 2021).

The deficit peaked in 2020, when revenues declined less than 1% and spending increased 31% as compared to the prior year. The expenditure increases reflected significant spending on unemployment insurance, EIP, and the PPP, intended to help support those who needed assistance due to the economic impacts of COVID-19 and to stimulate the economy. 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.

Revenues⁴⁶

Fiscal year 2021 compared with fiscal year 2020

(In billions, except percentages)	2021			2020			Changes ²					
	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	\$ 2,589	\$ 2,044	\$ 545	\$ 2,034	\$ 1,609	\$ 425	\$ 555	\$ 435	\$ 120	27%	27%	28%
Payroll taxes	1,334	1,334	—	1,329	1,329	—	5	5	—	—%	—%	—%
Sales and excise taxes	765	75	690	739	87	652	26	(12)	38	4%	(14)%	6%
Property taxes	630	—	630	601	—	601	29	—	29	5%	—%	5%
Corporate income taxes	471	372	99	273	212	61	198	160	38	73%	75%	62%
Other taxes	270	118	152	233	95	138	37	23	14	16%	24%	10%
Tax revenues	\$ 6,059	\$ 3,943	\$ 2,116	\$ 5,209	\$ 3,332	\$ 1,877	\$ 850	\$ 611	\$ 239	16%	18%	13%
Earnings on investments	\$ 1,227	\$ —	\$ 1,227	\$ 268	\$ —	\$ 268	\$ 959	\$ —	\$ 959	358%	—%	358%
Federal Reserve earnings	101	101	—	82	82	—	19	19	—	23%	23%	—%
Sales of government resources	27	13	14	20	6	14	7	7	—	35%	117%	—%
Other non-tax revenues	193	23	170	173	26	147	20	(3)	23	12%	(12)%	16%
Total non-tax revenues	\$ 1,548	\$ 137	\$ 1,411	\$ 543	\$ 114	\$ 429	\$ 1,005	\$ 23	\$ 982	185%	20%	229%
Total revenues	\$ 7,607	\$ 4,080	\$ 3,527	\$ 5,752	\$ 3,446	\$ 2,306	\$ 1,855	\$ 634	\$ 1,221	32%	18%	53%
Estimated impact of inflation on total revenues							\$ 192	\$ 115	\$ 77	3%	3%	3%
Estimated Impact of population growth on total revenues							9	5	4	—%	—%	—%

¹ State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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.

2020 to 2021 | Federal individual income tax revenue

The federal individual income tax revenue increase of \$435 billion can be attributed \$234 billion* to higher taxable income and \$201 billion* to changes in average tax rates.

Income changes*

The \$234 billion increase in revenue attributable to higher taxable income reflected a \$1,809 billion or 15% increase in aggregate AGI, offset in part by a \$191 billion or 7% increase in aggregate deductions and exemptions. Following are the income components of AGI shown by AGI group (cohort).

(In billions)	2021					2020				
	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	\$ 24	\$ 19	\$ (71)	\$ (170)	\$ (198)	\$ 29	\$ 22	\$ (90)	\$ (225)	\$ (264)
\$1-\$50K	1,501	17	2	465	1,985	1,564	14	3	464	2,045
\$50,001-\$75K	1,060	18	8	305	1,391	1,056	13	9	305	1,383
\$75,001-\$100K	931	24	12	299	1,266	922	17	10	292	1,241
\$100,001-\$200K	2,331	110	59	738	3,238	2,244	71	57	674	3,046
\$200,001-\$500K	1,666	214	153	478	2,511	1,499	136	142	386	2,163
\$500,001-\$1 million	567	164	151	146	1,028	478	99	132	111	820
Over \$1 million	791	1,238	595	400	3,024	589	680	437	296	2,002
Total	\$ 8,871	\$ 1,804	\$ 909	\$ 2,661	\$ 14,245	\$ 8,381	\$ 1,052	\$ 700	\$ 2,303	\$ 12,436

(In billions, except percentages)	Changes				
	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other ¹	Total AGI
Less than \$1	\$ (5)	\$ (3)	\$ 19	\$ 55	\$ 66
\$1-\$50K	(63)	3	(1)	1	(60)
\$50,001-\$75K	4	5	(1)	—	8
\$75,001-\$100K	9	7	2	7	25
\$100,001-\$200K	87	39	2	64	192
\$200,001-\$500K	167	78	11	92	348
\$500,001-\$1 million	89	65	19	35	208
Over \$1 million	202	558	158	104	1,022
Total	\$ 490	\$ 752	\$ 209	\$ 358	\$ 1,809

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, unemployment compensation, 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 above \$200,000, a group which saw its aggregate AGI increase over \$1,578 billion or 32%. The cohort with the largest dollar and percentage increase in AGI was the one with AGI over \$1 million, at an increase of \$1,022 billion or 51%, driven primarily by higher capital gains, but with increases across all sources of income. The increases in AGI for these cohorts were offset in part by a \$60 billion or 3% decrease in AGI for the cohort where AGI is between \$1 and \$50,000, driven primarily by decreased wages and salaries.

AGI by income type

Over 40% of the overall \$1,809 billion increase in AGI was driven by higher capital gains, which increased \$752 billion or 71%. All AGI cohorts saw capital gains growth, except for the cohort with AGI less than \$1. The largest dollar amount and percentage rate growth of capital gains, at an increase of \$558 billion or 82%, was for the cohort with AGI over \$1 million.

Income from wages and salaries increased \$490 billion or 6%, comprising nearly 30% of the overall increase in AGI. All AGI cohorts saw wages and salaries growth, except for the lowest income cohorts, those with AGI of \$50,000 or less. The largest dollar amount and percentage rate growth of wages and salaries, at an increase of \$202 billion or 34%, was for the cohort with AGI over \$1 million.

Income within the “All Other” category increased \$358 billion or 16%, comprising 20% of the overall increase in AGI. All cohorts saw growth in “All Other” income, except for the cohort with AGI between \$50,001 and \$75,000. The largest dollar amount and percentage rate growth, at an increase of \$104 billion or 35%, was for the cohort with AGI over \$1 million. The increase in “All Other” income was driven primarily by an \$81 billion or 27% increase in taxable *Inflation Reduction Act* (IRA) distributions, a \$53 billion or 15% increase in business or professional net income, a \$45 billion or 14% increase in ordinary dividends, a \$33 billion or 4% increase in taxable pensions and annuities, a \$33 billion or 9% increase in taxable social security benefits, and a \$31 billion or 12% increase in qualified dividends, offset in part by a decrease of \$53 billion or 17% in unemployment compensation. When comparing 2020 to 2021, there was a 2% increase in our population aged 65 years and older, which may be a driver of the increase in taxable IRA distributions, pensions and annuities, and taxable social security benefits.

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

(In thousands, except percentages)	2021	2020	Changes	
Less than \$1	4,390	4,477	(87)	(2)%
\$1-\$50K	85,434	89,755	(4,321)	(5)%
\$50,001-\$75K	22,641	22,512	129	1%
\$75,001-\$100K	14,588	14,314	274	2%
\$100,001-\$200K	23,637	22,311	1,326	6%
\$200,001-\$500K	8,688	7,536	1,152	15%
\$500,001-\$1 million	1,522	1,219	303	25%
Over \$1 million	808	594	214	36%
Total	161,708	162,718	(1,010)	(1)%

The number of income tax returns filed for the lowest income cohorts, those with AGI of \$50,000 or less decreased by 4.4 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 the number of returns filed was the cohort with AGI between \$100,001 and \$200,000, at an increase of 1.3 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 36%.

PART II
Item 7

Deductions and exemptions

(In billions)	2021				2020					
	Itemized Deductions	Standard Deductions	Exemptions ¹	Limitations ²	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions ¹	Limitations ²	Total Deductions / Exemptions
Less than \$1	\$ —	\$ —	\$ —	\$ (198)	\$ (198)	\$ —	\$ —	\$ —	\$ (265)	\$ (265)
\$1-\$50K	51	1,269	—	(180)	1,140	58	1,315	—	(196)	1,177
\$50,001-\$75K	49	376	—	10	435	57	371	—	7	435
\$75,001-\$100K	54	263	—	9	326	55	257	—	8	320
\$100,001-\$200K	141	440	—	32	613	155	399	—	27	581
\$200,001-\$500K	124	133	—	39	296	125	104	—	34	263
\$500,001-\$1 million	48	16	—	18	82	44	11	—	16	71
Over \$1 million	178	6	—	84	268	123	4	—	62	189
Total	\$ 645	\$ 2,503	\$ —	\$ (186)	\$ 2,962	\$ 617	\$ 2,461	\$ —	\$ (307)	\$ 2,771

(In billions, except percentages)	2021				2020					
	Itemized Deductions	Standard Deductions	Exemptions ¹	Limitations ²	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions ¹	Limitations ²	Total Deductions / Exemptions
Less than \$1	\$ —	\$ —	\$ —	\$ 67	\$ 67	—%	—%	—%	(25)%	(25)%
\$1-\$50K	(7)	(46)	—	16	(37)	(12)%	(3)%	—%	(8)%	(3)%
\$50,001-\$75K	(8)	5	—	3	—	(14)%	1%	—%	43%	—%
\$75,001-\$100K	(1)	6	—	1	6	(2)%	2%	—%	13%	2%
\$100,001-\$200K	(14)	41	—	5	32	(9)%	10%	—%	19%	6%
\$200,001-\$500K	(1)	29	—	5	33	(1)%	28%	—%	15%	13%
\$500,001-\$1 million	4	5	—	2	11	9%	45%	—%	13%	15%
Over \$1 million	55	2	—	22	79	45%	50%	—%	35%	42%
Total	\$ 28	\$ 42	\$ —	\$ 121	\$ 191	5%	2%	—%	(39)%	7%

¹ Exemptions were eliminated with the TCJA, effective January 1, 2018.

² 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 \$191 billion aggregate increase in deductions and exemptions from 2020 to 2021 primarily reflected lower disallowances due to limitations, which were seen across all AGI cohorts except those with AGI between \$1 and \$75,000. The lower limitations may have been due, in part, to the impact of the COVID-19 pandemic on individual income and related income tax return filing behaviors during 2020 for the cohorts with AGI less than \$50,000, including potentially the need to file an income tax return to be able to obtain certain COVID-19 pandemic related relief. For example, the ARP authorized individual taxpayers to exclude up to \$10,200 of unemployment compensation received from federal taxable income in 2020 only. The cohort with the largest dollar change and percent change, at an increase of \$57 billion or 45% in deductions and exemptions (before limitations), is the cohort with AGI over \$1 million. The decrease in disallowances due to limitations accounted for over 60% of total change in deductions and exemptions, decreasing \$121 billion or 39%. The cohort with the largest limitation dollar change, at a decrease of \$67 billion or 25%, is the cohort with AGI less than \$1. The cohort with the largest limitation percent change, at a decrease of 43%, is the cohort with AGI between \$50,001 and \$75,000.

Tax rate changes*

There were no material key statutory individual income tax rate changes when comparing these periods. Changes in federal individual income tax revenue attributable to changes in average tax rates appear to be due to changes in the mix of income at various rates and a shift in economic behavior as well as timing differences between tax calendar years and federal fiscal years. Regarding the shift in mix from lower to higher income tax brackets, the aggregate AGI for all groups with AGI greater than \$200,000 increased 32%, while the aggregate AGI for all groups with AGI of \$200,000 or less increased 3%.

2020 to 2021 | State and local individual income tax revenue

State and local individual income tax revenue excludes nine states that do not levy state income taxes, but includes New Hampshire, which does not tax earned wages, but taxes dividends and interest. The \$120 billion state and local individual income tax revenue increase can be attributed \$60 billion** to changes in average tax rates, and \$60 billion** to higher taxable income.

Tax rate changes**

The increase in state and local individual income tax revenue attributable to tax rate changes is due to more income in higher tax rate brackets and changes in statutory tax rates. Regarding the shift in mix from lower to higher income tax

PART II
Item 7

brackets, the aggregate AGI for all groups with AGI greater than \$200,000 increased 31%, while the aggregate AGI for all groups with AGI of \$200,000 or less increased 3%. There were multiple statutory tax rate changes at the state level when comparing these periods. Three states increased their individual income tax rates. Arizona had the largest rate increase, raising the rate on the highest income bracket by 3.5 percentage points. Two states decreased their individual income tax rates. Wisconsin has the largest rate decrease, lowering the rate on the highest income bracket by 0.46 percentage points.

Income changes**

The \$60 billion increase attributable to higher individual taxable income reflected a \$1,374 billion or 14% 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.

(In billions)	2021					2020				
	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	\$ 19	\$ 14	\$ (53)	\$ (127)	\$ (147)	\$ 23	\$ 16	\$ (64)	\$ (164)	\$ (189)
\$1-\$50K	1,155	13	1	374	1,543	1,206	11	2	371	1,590
\$50,001-\$75K	831	14	6	244	1,095	830	10	7	245	1,092
\$75,001-\$100K	741	19	9	239	1,008	736	13	7	233	989
\$100,001-\$200K	1,859	85	46	588	2,578	1,794	54	44	537	2,429
\$200,001-\$500K	1,334	162	120	374	1,990	1,203	104	111	302	1,720
\$500,001-\$1 million	455	123	118	110	806	385	75	103	82	645
Over \$1 million	627	894	450	287	2,258	466	476	329	210	1,481
Total	\$ 7,021	\$ 1,324	\$ 697	\$ 2,089	\$ 11,131	\$ 6,643	\$ 759	\$ 539	\$ 1,816	\$ 9,757

(In billions, except percentages)	Changes					Changes				
	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	\$ (4)	\$ (2)	\$ 11	\$ 37	\$ 42	(17)%	(13)%	17%	23%	22%
\$1-\$50K	(51)	2	(1)	3	(47)	(4)%	18%	(50)%	1%	(3)%
\$50,001-\$75K	1	4	(1)	(1)	3	—%	40%	(14)%	—%	—%
\$75,001-\$100K	5	6	2	6	19	1%	46%	29%	3%	2%
\$100,001-\$200K	65	31	2	51	149	4%	57%	5%	9%	6%
\$200,001-\$500K	131	58	9	72	270	11%	56%	8%	24%	16%
\$500,001-\$1 million	70	48	15	28	161	18%	64%	15%	34%	25%
Over \$1 million	161	418	121	77	777	35%	88%	37%	37%	52%
Total	\$ 378	\$ 565	\$ 158	\$ 273	\$ 1,374	6%	74%	29%	15%	14%

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

For states that tax individual income, AGI increased for all income cohorts, except for the cohort with AGI between \$1 and \$50,000. The cohort with the largest dollar and percentage increase in AGI is the one with AGI over \$1 million, at an increase of \$777 billion or 52%, driven primarily by higher capital gains and wages and salaries but with increases across all sources of income. These increases in AGI were offset in part by an aggregate \$47 billion or 3% decrease in AGI for the cohort where AGI is between \$1 and \$50,000.

AGI by income type

Over 40% of the overall \$1,374 billion increase in AGI in states that tax individual income was driven by capital gains, which increased \$565 billion or 74%. Nearly all AGI cohorts saw increases in capital gains income. The largest dollar and percentage increase, at an aggregate increase of \$418 billion or 88%, was for the cohort with AGI greater than \$1 million.

Wages and salaries increased \$378 billion or 6%, comprising nearly 30% of the overall increase in AGI in states that tax individual income. All AGI cohorts saw wage and salary growth, except for the cohorts with AGI less than \$50,000. The largest dollar and percentage increase, at an aggregate increase of \$161 billion or 35%, was for the cohort with AGI greater than \$1 million.

Income within the "All Other" category increased \$273 billion or 15%, comprising nearly 20% of the overall increase in AGI in states that tax individual income. All AGI cohorts saw increases in "All Other" income, except for the cohort with AGI between \$50,001 and \$75,000. The largest dollar and percentage growth, at an increase of \$77 billion or 37%, was for the

cohort with AGI greater than \$1 million. The increase in “All Other” income was driven primarily by a \$63 billion or 27% increase in taxable IRA distributions, a \$38 billion or 14% increase in business or professional net income, a \$36 billion or 15% increase in ordinary dividends, a \$27 billion or 4% increase in pensions and annuities, a \$26 billion or 9% increase in taxable social security benefits, and a \$24 billion or 13% increase in qualified dividends. When comparing 2020 to 2021, there was a 2% increase in our population aged 65 years and older, which may be a driver of the increase in taxable IRA distributions, pensions and annuities, and taxable social security benefits.

2020 to 2021 | Federal corporate income taxes

Federal corporate income tax revenues increased \$160 billion or 75%. The federal statutory corporate income tax rate was 21% for both 2021 and 2020. The Internal Revenue Service (IRS) has not yet published 2021 C-Corporation taxable income.

2020 to 2021 | State and local earnings on investments⁵²

State and local earnings on investments comprise earnings on funds held by retirement, workers' compensation, and other trusts. These earnings grew \$959 billion or 358% in 2021 due to a \$950 billion or 21% increase in investment balances and changes in investment performance. The increase in investment balances was driven primarily by increases in US corporate equities (\$722 billion or 30% increase) and Treasury securities (\$105 billion or 36% increase).

During these periods, these state and local funds were invested primarily in pension US corporate equities (58% and 54% in 2021 and 2020, respectively), pension corporate and foreign bonds (10% and 12%, respectively), Treasury securities (7% in both 2021 and 2020), and miscellaneous assets (16% and 19%, respectively).

There was volatility in stock markets when comparing these periods. Using state and local fiscal year (July 1 to June 30) starting and ending values to calculate the performance for each year, the annual performance of the S&P 500 for the year increased 655%, whereas the US Prime rate decreased from 4.45% in 2020 to 3.25% in 2021.

Fiscal year 2021 compared with fiscal year 2016

(In billions, except percentages)	2021			2016			Changes ²					
	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	\$ 2,589	\$ 2,044	\$ 545	\$ 1,921	\$ 1,546	\$ 375	\$ 668	\$ 498	\$ 170	35%	32%	45%
Payroll taxes	1,334	1,334	—	1,133	1,133	—	201	201	—	18%	18%	—%
Sales and excise taxes	765	75	690	655	95	560	110	(20)	130	17%	(21)%	23%
Property taxes	630	—	630	505	—	505	125	—	125	25%	—%	25%
Corporate income taxes	471	372	99	354	300	54	117	72	45	33%	24%	83%
Other taxes	270	118	152	183	66	117	87	52	35	48%	79%	30%
Tax revenues	\$ 6,059	\$ 3,943	\$ 2,116	\$ 4,751	\$ 3,140	\$ 1,611	\$ 1,308	\$ 803	\$ 505	28%	26%	31%
Earnings on investments	\$ 1,227	\$ —	\$ 1,227	\$ 54	\$ —	\$ 54	\$ 1,173	\$ —	\$ 1,173	nm	—%	nm
Federal Reserve earnings	101	101	—	116	116	—	(15)	(15)	—	(13)%	(13)%	—%
Sales of government resources	27	13	14	24	11	13	3	2	1	13%	18%	8%
Other non-tax revenues	193	23	170	153	30	123	40	(7)	47	26%	(23)%	38%
Total non-tax revenues	\$ 1,548	\$ 137	\$ 1,411	\$ 347	\$ 157	\$ 190	\$ 1,201	\$ (20)	\$ 1,221	346%	(13)%	643%
Total revenues	\$ 7,607	\$ 4,080	\$ 3,527	\$ 5,098	\$ 3,297	\$ 1,801	\$ 2,509	\$ 783	\$ 1,726	49%	24%	96%
Estimated impact of inflation on total revenues							\$ 591	\$ 382	\$ 209	12%	12%	12%
Estimated impact of population growth on total revenues							141	91	50	3%	3%	3%

^{nm} An “nm” reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

¹ State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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.

2016 to 2021 | Federal individual income tax revenue

The federal individual income tax revenue increase of \$498 billion can be attributed \$608 billion* to higher taxable income, offset in part by a decrease of \$110 billion* attributed to changes in average tax rates.

Income changes*

The \$608 billion increase in revenue attributed to higher taxable income reflected a \$4,023 billion or 39% increase in aggregate AGI, offset in part by a \$73 billion or 3% increase in aggregate deductions and exemptions. Following are the income components of AGI shown by AGI group (cohort).

(In billions)	2021					2016				
	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	\$ 24	\$ 19	\$ (71)	\$ (170)	\$ (198)	\$ 20	\$ 13	\$ (44)	\$ (191)	\$ (202)
\$1-\$50K	1,501	17	2	465	1,985	1,590	8	7	357	1,962
\$50,001-\$75K	1,060	18	8	305	1,391	960	9	10	259	1,238
\$75,001-\$100K	931	24	12	299	1,266	848	11	13	250	1,122
\$100,001-\$200K	2,331	110	59	738	3,238	1,911	49	60	521	2,541
\$200,001-\$500K	1,666	214	153	478	2,511	1,094	76	132	276	1,578
\$500,001-\$1 million	567	164	151	146	1,028	342	56	118	83	599
Over \$1 million	791	1,238	595	400	3,024	426	412	333	213	1,384
Total	\$ 8,871	\$ 1,804	\$ 909	\$ 2,661	\$ 14,245	\$ 7,191	\$ 634	\$ 629	\$ 1,768	\$ 10,222

(In billions, except percentages)	2021					2016				
	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	\$ 4	\$ 6	\$ (27)	\$ 21	\$ 4	20%	46%	(61)%	11%	2%
\$1-\$50K	(89)	9	(5)	108	23	(6)%	113%	(71)%	30%	1%
\$50,001-\$75K	100	9	(2)	46	153	10%	100%	(20)%	18%	12%
\$75,001-\$100K	83	13	(1)	49	144	10%	118%	(8)%	20%	13%
\$100,001-\$200K	420	61	(1)	217	697	22%	124%	(2)%	42%	27%
\$200,001-\$500K	572	138	21	202	933	52%	182%	16%	73%	59%
\$500,001-\$1 million	225	108	33	63	429	66%	193%	28%	76%	72%
Over \$1 million	365	826	262	187	1,640	86%	200%	79%	88%	118%
Total	\$ 1,680	\$ 1,170	\$ 280	\$ 893	\$ 4,023	23%	185%	45%	51%	39%

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

AGI by cohort

AGI increased for all income cohorts, most significantly for the cohorts with AGI above \$100,000, a group which saw its aggregate AGI increase over \$3,699 billion or 61%. The cohort with the largest dollar and percentage increase in AGI was the one with AGI over \$1 million, at an increase of \$1,640 billion or 118%, driven primarily by higher capital gains but with increases across all sources of income.

AGI by income type

Over 40% of the overall \$4,023 billion increase in AGI was driven by higher wages and salaries, which increased \$1,680 billion or 23%. All AGI cohorts saw wage and salary growth, except for the cohort with AGI between \$1 and \$50,000. The largest dollar amount of wage and salary growth, at an increase of \$572 billion or 52%, was for the cohort with AGI between \$200,001 and \$500,000. The highest percentage rate of wage and salary growth, at an increase of 86%, was for the cohort where AGI over \$1 million.

Capital gains income increased \$1,170 or 185%, comprising nearly 30% of the overall increase in AGI. All AGI cohorts saw capital gains growth. The largest dollar amount and percentage rate growth of capital gains, at an increase of \$826 billion or 200%, was for the cohort with AGI over \$1 million.

Income within the "All Other" category increased \$893 billion or 51%, comprising over 20% of the overall increase in AGI. All cohorts saw growth in "All Other" income. The largest dollar growth, at an increase of \$217 billion or 42%, was for the cohort with AGI between \$100,001 and \$200,000. The largest percentage growth, at an increase of 88%, was for the cohort with AGI over \$1 million. The increase in "All Other" income was driven primarily by a \$228 billion or 859% increase in unemployment compensation, a \$153 billion or 22% increase in taxable pensions and annuities, a \$123 billion or 48% increase in taxable IRA distributions, a \$121 billion or 43% increase in taxable social security benefits, and a \$117 billion or

PART II
Item 7

46% increase in ordinary dividends. Due to the COVID-19 pandemic, additional unemployment benefit programs were available during this period. See further discussion of these benefits in *Part I. Item 1. Purpose and Function of our Government / Major government programs / Unemployment Insurance*. When comparing 2016 to 2021, there was a 14% increase in our population aged 65 years and older, which may be a driver of the increase in taxable pensions and annuities, taxable IRA distributions, and taxable social security benefits.

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

(In thousands, except percentages)	2021	2016	Changes	
Less than \$1	4,390	2,086	2,304	110%
\$1-\$50K	85,434	89,501	(4,067)	(5)%
\$50,001-\$75K	22,641	20,163	2,478	12%
\$75,001-\$100K	14,588	12,937	1,651	13%
\$100,001-\$200K	23,637	18,777	4,860	26%
\$200,001-\$500K	8,688	5,544	3,144	57%
\$500,001-\$1 million	1,522	891	631	71%
Over \$1 million	808	428	380	89%
Total	161,708	150,327	11,381	8%

The number of income tax returns filed for the cohort with AGI between \$1 and \$50,000 decreased by 4.1 million tax returns or 5%, 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 4.9 million returns, while the group with the highest percentage increase in the number of returns filed was the cohort where AGI is less than \$1, at an increase of 110%. This increase may have been due, in part, to the impact of the COVID-19 pandemic on individual income and related income tax return filing behaviors, including potentially the need to file an income tax return to be able to obtain certain COVID-19 pandemic related relief, including EIP.

Deductions and exemptions

(In billions)	2021					2016				
	Itemized Deductions	Standard Deductions	Exemptions	Limitations ¹	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions	Limitations ¹	Total Deductions / Exemptions
Less than \$1	\$ —	\$ —	\$ —	\$ (198)	\$ (198)	\$ —	\$ —	\$ 13	\$ (215)	\$ (202)
\$1-\$50K	51	1,269	—	(180)	1,140	159	638	583	(215)	1,165
\$50,001-\$75K	49	376	—	10	435	138	127	171	(3)	433
\$75,001-\$100K	54	263	—	9	326	142	70	124	(1)	335
\$100,001-\$200K	141	440	—	32	613	368	56	202	(2)	624
\$200,001-\$500K	124	133	—	39	296	226	4	53	(1)	282
\$500,001-\$1 million	48	16	—	18	82	72	1	—	—	73
Over \$1 million	178	6	—	84	268	180	—	—	(1)	179
Total	\$ 645	\$ 2,503	\$ —	\$ (186)	\$ 2,962	\$ 1,285	\$ 896	\$ 1,146	\$ (438)	\$ 2,889

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
Less than \$1	\$ —	\$ —	\$ (13)	\$ 17	\$ 4	—%	—%	(100)%	(8)%	(2)%
\$1-\$50K	(108)	631	(583)	35	(25)	(68)%	99%	(100)%	(16)%	(2)%
\$50,001-\$75K	(89)	249	(171)	13	2	(64)%	196%	(100)%	(433)%	—%
\$75,001-\$100K	(88)	193	(124)	10	(9)	(62)%	276%	(100)%	nm	(3)%
\$100,001-\$200K	(227)	384	(202)	34	(11)	(62)%	686%	(100)%	nm	(2)%
\$200,001-\$500K	(102)	129	(53)	40	14	(45)%	nm	(100)%	nm	5%
\$500,001-\$1 million	(24)	15	—	18	9	(33)%	nm	—%	—%	12%
Over \$1 million	(2)	6	—	85	89	(1)%	—%	—%	nm	50%
Total	\$ (640)	\$ 1,607	\$ (1,146)	\$ 252	\$ 73	(50)%	\$ 179%	(100)%	(58)%	3%

^{nm} An “nm” reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

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.

PART II
Item 7

The \$73 billion increase in net deductions and exemptions when comparing these years reflected a shift in mix of deductions and exemptions, largely due to tax law changes from the TCJA (see the next section - *Tax rate changes*). The cohort with the largest dollar change, at a decrease of \$60 billion or 4% in 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 \$13 billion (before limitations), 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.

Tax rate changes

There were several key statutory individual income tax rate changes when comparing these periods, due to the 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.

2016 to 2021 | State and local individual income tax revenue

The \$170 billion state and local individual income tax revenue increase can be attributed to \$131 billion** in higher taxable income and \$39 billion** in changes in average tax rates.

Income changes**

The \$131 billion increase attributable to higher individual taxable income reflected a \$2,951 billion or 36% 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.

(In billions)	2021					2016				
	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	\$ 19	\$ 14	\$ (53)	\$ (127)	\$ (147)	\$ 16	\$ 10	\$ (32)	\$ (146)	\$ (152)
\$1-\$50K	1,155	13	1	374	1,543	1,240	6	5	285	1,536
\$50,001-\$75K	831	14	6	244	1,095	764	7	8	208	987
\$75,001-\$100K	741	19	9	239	1,008	682	9	10	200	901
\$100,001-\$200K	1,859	85	46	588	2,578	1,550	39	48	419	2,056
\$200,001-\$500K	1,334	162	120	374	1,990	892	59	106	218	1,275
\$500,001-\$1 million	455	123	118	110	806	282	43	95	65	485
Over \$1 million	627	894	450	287	2,258	349	315	266	162	1,092
Total	\$ 7,021	\$ 1,324	\$ 697	\$ 2,089	\$ 11,131	\$ 5,775	\$ 488	\$ 506	\$ 1,411	\$ 8,180

(In billions, except percentages)	2021					2016				
	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	\$ 3	\$ 4	\$ (21)	\$ 19	\$ 5	19%	40%	(66)%	13%	3%
\$1-\$50K	(85)	7	(4)	89	7	(7)%	117%	(80)%	31%	—%
\$50,001-\$75K	67	7	(2)	36	108	9%	100%	(25)%	17%	11%
\$75,001-\$100K	59	10	(1)	39	107	9%	111%	(10)%	20%	12%
\$100,001-\$200K	309	46	(2)	169	522	20%	118%	(4)%	40%	25%
\$200,001-\$500K	442	103	14	156	715	50%	175%	13%	72%	56%
\$500,001-\$1 million	173	80	23	45	321	61%	186%	24%	69%	66%
Over \$1 million	278	579	184	125	1,166	80%	184%	69%	77%	107%
Total	\$ 1,246	\$ 836	\$ 191	\$ 678	\$ 2,951	22%	171%	38%	48%	36%

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

For states that tax individual income, AGI increased for all income cohorts. The cohort with the largest dollar and percentage increase in AGI is the one with AGI over \$1 million, at an increase of \$1,166 billion or 107%, driven primarily by higher wages and salaries and capital gains but with increases across all sources of income.

AGI by income type

Over 40% of the overall \$2,951 billion increase in AGI in states that tax individual income was driven by higher wages and salaries, which increased \$1,246 billion or 22%. All AGI cohorts saw wage and salary growth, except for the cohort with AGI between \$1 and \$50,000. The largest dollar amount of wage and salary growth, at an aggregate increase of \$442 billion or 50%, was for the cohort with AGI between \$200,001 and \$500,000. The highest rate of wage and salary growth, at an increase of 80%, was for the cohort where AGI over \$1 million.

Capital gains income increased \$836 billion or 171%, comprising nearly 30% of the overall increase in AGI in states that tax individual income. All AGI cohorts saw increases in capital gains income. The largest dollar amount of growth, at an aggregate increase of \$579 billion or 184%, was for the cohort with AGI greater than \$1 million. The highest rate of capital gains growth, at an increase of 186%, was for the cohort with AGI between \$500,001 and \$1 million.

Income within the “All Other” category increased \$678 billion or 48%, comprising over 20% of the overall increase in AGI in states that tax individual income. All AGI cohorts saw growth in “All Other” income. The largest dollar amount of growth, at an aggregate increase of \$169 billion or 40%, was for the cohort with AGI between \$100,001 and \$200,000. The highest rate of growth, at an increase of 77%, was for the cohort with AGI over \$1 million. The increase in “All Other” income was driven primarily by a \$191 billion or 862% increase in unemployment compensation, a \$116 billion or 21% increase in taxable pensions and annuities, a \$94 billion or 42% increase in taxable social security benefits, a \$92 billion or 46% increase in taxable IRA distributions, and an \$83 billion or 42% increase in ordinary dividends. Due to the COVID-19 pandemic, additional unemployment benefit programs were available during 2020. Please see further discussion of these benefits in *Part I. Item 1. Purpose and Function of our Government / Major government programs / Unemployment Insurance*. When comparing 2016 to 2021, there was a 14% increase in our population aged 65 years and older, which may be a driver of the increase in taxable pensions and annuities, taxable social security benefits, and taxable IRA distributions.

Tax rate changes**

The increase in state and local individual income tax revenue attributable to tax rate changes is due to more income in higher tax rate brackets and changes in statutory tax rates. Regarding the shift in mix from lower to higher income tax brackets, the aggregate AGI for all groups with AGI greater than \$200,000 increased 77%, while the aggregate AGI for all groups with AGI of \$200,000 or less increased 14%. There were multiple statutory tax rate changes at the state level when comparing these periods. Eight states increased their individual income tax rates. Arizona had the largest rate increase, raising the tax rate on the highest income bracket by 3.46 percentage points. Fourteen states decreased their individual income tax rates. Kentucky had the largest rate decrease, lowering the rate on the highest income bracket by 1.0 percentage point.

2016 to 2021 | Payroll tax revenue

The \$201 billion increase in payroll tax revenue was driven primarily by a \$145 billion or 18% increase in Social Security tax revenues. These increased tax revenues reflect a \$199 billion* increase attributable to higher taxable income, offset in part by a \$54 billion* decrease attributable to tax rate changes. The overall increase was driven by a \$1,591 billion* or 24%* increase in earnings subject to Social Security taxes. The overall Social Security tax rate (employee and employer combined) was 12.4%* in each year.

2016 to 2021 | State and local sales and excise taxes

The \$130 billion growth in revenue from state and local sales and excise taxes reflects a \$99 billion or 26% increase in general sales tax revenues and a \$31 billion or 17% 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 when comparing these periods, led by recreation and entertainment (\$200 billion or 27% increase)**, technology (\$176 billion or 30% increase)**, food and non-alcoholic beverages away from home (\$128 billion or 22% increase)**, furnishings and household equipment (\$115 billion or 38% increase)**, and principal and down payments on cars (\$95 billion or 26% increase)**.⁴⁷ State-level general sales tax rates increased in four states between 0.2 and 0.5 percentage points, while there were decreases in two states of between 0.3 and 0.4 percentage points.⁴⁸ 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 \$8 billion or 17% increase in tax revenues from motor fuels and a \$6 billion or 29% increase in tax revenues from insurance premiums. 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 3%**⁴⁹ and spending on insurance premiums increased 34%**⁵⁰. The unweighted average of gas tax rates across all states increased 14% when comparing these periods.⁴⁸ We are not aware of an aggregated source of data for state and local government tax rates on insurance premiums.

2016 to 2021 | Property taxes

Property taxes increased \$125 billion or 25%. There were various changes in property tax rates when comparing 2016 to 2021. The aggregate unweighted average of the nominal residential property tax rate for the largest city in each state decreased 4%.⁴⁸ Among this group, the nominal residential property tax rate increased in the largest city in 18 states, with a maximum increase of 32% in both Wilmington, DE and Anchorage, AK, offset in part by decreases in 23 states, with a maximum decrease of 42% in Portland, ME.⁵¹ Median home value data is not available for 2020 due to missing ACS data for this year, thus we cannot calculate the fiscal year 2021 data. In the absence of median home value data, we noted that median new home prices increased 30% from 2016 to 2021, which may indicate an overall increase in home values. See discussion of housing within *Item 7. Management's Discussion and Analysis / Key metrics by segment / General Welfare / Economy and infrastructure / Housing*.

2016 to 2021 | State and local earnings on investments⁵²

State and local earnings on investments increased \$1,173 billion due to a \$1,809 billion or 50% increase in investment balances and changes in investment performance. The increase in investment balances was driven primarily by increases in US corporate equities (\$865 billion or 39% increase), Treasury securities (\$211 billion or 114% increase), and miscellaneous assets (\$746 billion or 595% increase).

During these periods, these state and local funds were invested primarily in US corporate equities (58% and 63% in 2021 and 2016, respectively), corporate and foreign bonds (10% and 16%, respectively), Treasury securities (7% and 5%, respectively), and miscellaneous assets (16% and 3%, respectively).

There was volatility in the stock markets when comparing these periods. Using state and local fiscal year (July 1 to June 30) starting and ending values to calculate the performance for each year, the annual performance of the S&P 500 increased 3,249%, whereas the US Prime rate decreased from 3.38% in 2016 to 3.25% in 2021.

Fiscal year 2021 compared with fiscal year 2011

(In billions, except percentages)	2021			2011			Changes ²					
	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	\$ 2,589	\$ 2,044	\$ 545	\$ 1,377	\$ 1,092	\$ 285	\$ 1,212	\$ 952	\$ 260	88%	87%	91%
Payroll taxes	1,334	1,334	—	835	835	—	499	499	—	60%	60%	—%
Sales and excise taxes	765	75	690	536	72	464	229	3	226	43%	4%	49%
Property taxes	630	—	630	446	—	446	184	—	184	41%	—%	41%
Corporate income taxes	471	372	99	229	181	48	242	191	51	106%	106%	106%
Other taxes	270	118	152	154	46	108	116	72	44	75%	157%	41%
Tax revenues	\$ 6,059	\$ 3,943	\$ 2,116	\$ 3,577	\$ 2,226	\$ 1,351	\$ 2,482	\$ 1,717	\$ 765	69%	77%	57%
Earnings on investments	\$ 1,227	\$ —	\$ 1,227	\$ 485	\$ —	\$ 485	\$ 742	\$ —	\$ 742	153%	—%	153%
Federal Reserve earnings	101	101	—	83	83	—	18	18	—	22%	22%	—%
Sales of government resources	27	13	14	22	9	13	5	4	1	23%	44%	8%
Other non-tax revenues	193	23	170	111	11	100	82	12	70	74%	109%	70%
Total non-tax revenues	\$ 1,548	\$ 137	\$ 1,411	\$ 701	\$ 103	\$ 598	\$ 847	\$ 34	\$ 813	121%	33%	136%
Total revenues	\$ 7,607	\$ 4,080	\$ 3,527	\$ 4,278	\$ 2,329	\$ 1,949	\$ 3,329	\$ 1,751	\$ 1,578	78%	75%	81%
Estimated impact of inflation on total revenues							\$ 834	\$ 454	\$ 380	19%	19%	19%
Estimated impact of population growth on total revenues							281	153	128	7%	7%	7%

¹ State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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.

2011 to 2021 | Federal individual income tax revenue

The \$952 billion federal individual income tax revenue increase can be attributed \$781 billion* to higher individual taxable income and \$171 billion* to changes in average tax rates.

Income changes*

The \$781 billion increase in revenue attributable to higher taxable income reflected a \$5,942 billion or 72% increase in aggregate AGI, offset in part by a \$343 billion or 13% increase in aggregate deductions and exemptions. Following are the income components of AGI shown by AGI cohort.

(In billions)	2021					2011				
	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	\$ 24	\$ 19	\$ (71)	\$ (170)	\$ (198)	\$ 20	\$ 12	\$ (55)	\$ (171)	\$ (194)
\$1-\$50K	1,501	17	2	465	1,985	1,531	4	5	422	1,962
\$50,001-\$75K	1,060	18	8	305	1,391	898	4	8	252	1,162
\$75,001-\$100K	931	24	12	299	1,266	790	6	12	221	1,029
\$100,001-\$200K	2,331	110	59	738	3,238	1,503	22	48	377	1,950
\$200,001-\$500K	1,666	214	153	478	2,511	733	38	98	188	1,057
\$500,001-\$1 million	567	164	151	146	1,028	225	30	78	62	395
Over \$1 million	791	1,238	595	400	3,024	301	256	224	161	942
Total	\$ 8,871	\$ 1,804	\$ 909	\$ 2,661	\$ 14,245	\$ 6,001	\$ 372	\$ 418	\$ 1,512	\$ 8,303

(In billions, except percentages)	2021					2011				
	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	\$ 4	\$ 7	\$ (16)	\$ 1	\$ (4)	20%	58%	(29)%	1%	(2)%
\$1-\$50K	(30)	13	(3)	43	23	(2)%	325%	(60)%	10%	1%
\$50,001-\$75K	162	14	—	53	229	18%	350%	—%	21%	20%
\$75,001-\$100K	141	18	—	78	237	18%	300%	—%	35%	23%
\$100,001-\$200K	828	88	11	361	1,288	55%	400%	23%	96%	66%
\$200,001-\$500K	933	176	55	290	1,454	127%	463%	56%	154%	138%
\$500,001-\$1 million	342	134	73	84	633	152%	447%	94%	135%	160%
Over \$1 million	490	982	371	239	2,082	163%	384%	166%	148%	221%
Total	\$ 2,870	\$ 1,432	\$ 491	\$ 1,149	\$ 5,942	48%	385%	117%	76%	72%

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 \$5,457 billion or 126%. The cohort with the largest dollar and percentage increase in AGI was the one with AGI over \$1 million, at an increase of \$2,082 billion or 221%, driven primarily by higher capital gains but with increases across all sources of income. The increases in AGI for these cohorts were offset in part by a \$4 billion or 2% decrease in AGI for the cohort where AGI is less than \$1, driven primarily by a decrease in partnership and S-Corporation income.

AGI by income type

Nearly 50% of the \$5,942 billion increase in AGI was driven by higher wages and salaries, which increased \$2,870 billion or 48%. All AGI cohorts saw wage and salary growth, except for the cohort with AGI between \$1 and \$50,000. The largest dollar amount of wage and salary growth, at an increase of \$933 billion or 127%, was for the cohort with AGI between \$200,001 and \$500,000. The highest percentage rate of wage and salary growth, at 163%, was for the cohort with AGI over \$1 million.

Capital gains income increased \$1,432 or 385%, comprising nearly 25% of the overall increase in AGI. All AGI cohorts saw capital gains growth. The largest dollar amount of capital gains growth, at an increase of \$982 billion or 384%, was the cohort with AGI over \$1 million. The highest percentage rate of capital gains growth, at 463%, was for the cohort with AGI between \$200,001 and \$500,000.

Income within the “All Other” category increased \$1,149 billion or 76%, comprising nearly 20% of the overall increase in AGI. All cohorts saw growth in “All Other” income. The largest dollar growth, at an increase of \$361 billion or 96%, was for the cohort with AGI between \$100,001 and \$200,000. The largest percentage growth, at an increase of 154%, was for the cohort with AGI between \$200,001 and \$500,000. The increase in “All Other” income was driven primarily by a \$280 billion or 50% increase in taxable pensions and annuities, a \$206 billion or 104% increase in taxable social security distributions, a \$180 billion or 95% increase in ordinary dividends, and a \$167 billion or 80% increase in taxable IRA distributions. When comparing 2011 to 2021, there was a 36% increase in our population aged 65 years and older, which may be a driver of the increase in taxable pensions and annuities, social security distributions, and taxable IRA distributions.

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

(In thousands, except percentages)	2021	2011	Changes	
Less than \$1	4,390	2,478	1,912	77%
\$1-\$50K	85,434	92,318	(6,884)	(7)%
\$50,001-\$75K	22,641	18,894	3,747	20%
\$75,001-\$100K	14,588	11,896	2,692	23%
\$100,001-\$200K	23,637	14,566	9,071	62%
\$200,001-\$500K	8,688	3,719	4,969	134%
\$500,001-\$1 million	1,522	584	938	161%
Over \$1 million	808	296	512	173%
Total	161,708	144,751	16,957	12%

The number of income tax returns filed for the cohort with AGI between \$1 and \$50,000 decreased by 6.9 million tax returns or 7%, 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 9.1 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 173%.

PART II
Item 7

Deductions and exemptions

(In billions)	2021					2011				
	Itemized Deductions	Standard Deductions	Exemptions	Limitations ¹	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions	Limitations ¹	Total Deductions / Exemptions
Less than \$1	\$ —	\$ —	\$ —	\$ (198)	\$ (198)	\$ —	\$ —	\$ 13	\$ (207)	\$ (194)
\$1-\$50K	51	1,269	—	(180)	1,140	198	593	583	(211)	1,163
\$50,001-\$75K	49	376	—	10	435	167	95	157	(2)	417
\$75,001-\$100K	54	263	—	9	326	164	45	112	(2)	319
\$100,001-\$200K	141	440	—	32	613	333	26	150	(1)	508
\$200,001-\$500K	124	133	—	39	296	172	2	40	(1)	213
\$500,001-\$1 million	48	16	—	18	82	57	—	6	—	63
Over \$1 million	178	6	—	84	268	128	—	3	(1)	130
Total	\$ 645	\$ 2,503	\$ —	\$ (186)	\$ 2,962	\$ 1,219	\$ 761	\$ 1,064	\$ (425)	\$ 2,619

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
Less than \$1	\$ —	\$ —	\$ (13)	\$ 9	\$ (4)	—%	—%	(100)%	(4)%	2%
\$1-\$50K	(147)	676	(583)	31	(23)	(74)%	114%	(100)%	(15)%	(2)%
\$50,001-\$75K	(118)	281	(157)	12	18	(71)%	296%	(100)%	(600)%	4%
\$75,001-\$100K	(110)	218	(112)	11	7	(67)%	484%	(100)%	(550)%	2%
\$100,001-\$200K	(192)	414	(150)	33	105	(58)%	nm	(100)%	nm	21%
\$200,001-\$500K	(48)	131	(40)	40	83	(28)%	nm	(100)%	nm	39%
\$500,001-\$1 million	(9)	16	(6)	18	19	(16)%	—%	(100)%	—%	30%
Over \$1 million	50	6	(3)	85	138	39%	—%	(100)%	nm	106%
Total	\$ (574)	\$ 1,742	\$ (1,064)	\$ 239	\$ 343	(47)%	229%	(100)%	(56)%	13%

^{nm} An "nm" reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

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 \$343 billion increase in net deductions and exemptions when comparing these years reflects a similar shift in mix of deductions and exemptions discussed in the 2016 to 2021 comparison above, due to the TCJA. The cohort with the largest dollar change, at an increase of \$72 billion or 14% in deductions and exemptions (before limitations), is the cohort with AGI between \$100,001 and \$200,000. The cohort with the largest percentage change, at a decrease of 100% or \$13 billion (before limitations), 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.

Tax rate changes

There were several key statutory individual income tax rate changes when comparing these periods, among them:

- effective January 1, 2018, the TCJA reduced individual income tax rates overall, as discussed under *2016 to 2021 / 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 ACA, 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.

2011 to 2021 | State and local individual income tax revenue

The \$260 billion state and local individual income tax revenue increase can be attributed \$189 billion** to higher taxable income and \$71 billion** to changes in average tax rates.

Income changes**

The \$189 billion increase attributable to higher individual taxable income reflected a \$4,467 billion or 67% 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.

(In billions)	2021					2011				
	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	\$ 19	\$ 14	\$ (53)	\$ (127)	\$ (147)	\$ 16	\$ 9	\$ (40)	\$ (130)	\$ (145)
\$1-\$50K	1,155	13	1	374	1,543	1,197	2	4	334	1,537
\$50,001-\$75K	831	14	6	244	1,095	721	3	6	204	934
\$75,001-\$100K	741	19	9	239	1,008	641	5	10	179	835
\$100,001-\$200K	1,859	85	46	588	2,578	1,228	17	39	304	1,588
\$200,001-\$500K	1,334	162	120	374	1,990	604	30	79	148	861
\$500,001-\$1 million	455	123	118	110	806	184	23	62	47	316
Over \$1 million	627	894	450	287	2,258	246	196	177	119	738
Total	\$ 7,021	\$ 1,324	\$ 697	\$ 2,089	\$ 11,131	\$ 4,837	\$ 285	\$ 337	\$ 1,205	\$ 6,664

(In billions, except percentages)	2021					2011				
	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	\$ 3	\$ 5	\$ (13)	\$ 3	\$ (2)	19%	56%	(33)%	2%	(1)%
\$1-\$50K	(42)	11	(3)	40	6	(4)%	550%	(75)%	12%	—%
\$50,001-\$75K	110	11	—	40	161	15%	367%	—%	20%	17%
\$75,001-\$100K	100	14	(1)	60	173	16%	280%	(10)%	34%	21%
\$100,001-\$200K	631	68	7	284	990	51%	400%	18%	93%	62%
\$200,001-\$500K	730	132	41	226	1,129	121%	440%	52%	153%	131%
\$500,001-\$1 million	271	100	56	63	490	147%	435%	90%	134%	155%
Over \$1 million	381	698	273	168	1,520	155%	356%	154%	141%	206%
Total	\$ 2,184	\$ 1,039	\$ 360	\$ 884	\$ 4,467	45%	365%	107%	73%	67%

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

For states that tax individual income, AGI increased for all income cohorts with AGI of \$1 or more. The cohort with the largest dollar and percentage increase in AGI is the one with AGI over \$1 million, at an increase of \$1,520 billion or 206%, driven primarily by higher wages and salaries and capital gains but with increases across all sources of income. These increases in AGI were offset in part by an aggregate \$2 billion or 1% decrease in AGI for the cohort where AGI is less than \$1.

AGI by income type

Nearly 50% of the overall \$4,467 billion increase in AGI in states that tax individual income was driven by higher wages and salaries, which increased \$2,184 billion or 45%. All AGI cohorts saw wage and salary growth, except for the cohort with AGI between \$1 and \$50,000. The largest dollar amount, at an aggregate increase of \$730 billion or 121%, was for the cohort with AGI between \$200,001 and \$500,000. The highest rate of wage and salary growth, at an increase of 155%, was for the cohort where AGI is over \$1 million.

Capital gains income increased \$1,039 billion or 365%, comprising over 20% of the overall increase in AGI in states that tax individual income. All AGI cohorts saw increases in capital gains income. The largest dollar amount of growth, at an aggregate increase of \$698 billion or 356%, was for the cohort with AGI greater than \$1 million. The highest rate of capital gains growth, at an increase of 550%, was for the cohort with AGI between \$1 and \$50,000.

Income within the "All Other" category increased \$884 billion or 73%, comprising nearly 20% of the overall increase in AGI in states that tax individual income. All AGI cohorts saw growth in "All Other" income. The largest dollar amount of growth, at an aggregate increase of \$284 billion or 93%, was for the cohort with AGI between \$100,001 and \$200,000. The highest

rate of growth, at an increase of 153%, was for the cohort with AGI between \$200,001 and \$500,000. The increase in “All Other” income was driven primarily by a \$215 billion or 47% increase in taxable pensions and annuities, a \$161 billion or 102% increase in taxable social security benefits, a \$134 billion or 92% increase in ordinary dividends, a \$130 billion or 159% increase in unemployment compensation, and a \$128 billion or 78% in taxable IRA distributions. When comparing 2011 to 2021, there was a 36% increase in our population aged 65 years and older, which may be a driver of the increase in taxable pensions and annuities, social security distributions, and taxable IRA distributions.

Tax rate changes**

The increase in state and local individual income tax revenue attributable to tax rate changes is due to more income in higher tax rate brackets and changes in statutory tax rates. Regarding the shift in mix from lower to higher income tax brackets, the aggregate AGI for all groups with AGI greater than \$200,000 increased 164%, while the aggregate AGI for all groups with AGI of \$200,000 or less increased 28%. There were multiple statutory tax rate changes at the state level when comparing these periods. Twelve states increased their individual income tax rates. Maine had the largest rate increase, raising the tax rate on the lowest income bracket by 3.8 percentage points. Twenty-one states decreased their individual income tax rates. North Carolina had the largest rate decrease, lowering the rate on the highest income bracket by 2.5 percentage points.

2011 to 2021 | Payroll tax revenue

The \$499 billion increase in payroll tax revenue primarily reflected a \$391 billion or 67% increase in Social Security tax revenues. The increased Social Security tax revenues reflect a \$295 billion* increase attributable to higher taxable income and a \$96 billion* increase attributable to tax rate changes, driven by a \$2,766 billion* or 51%* increase in earnings subject to Social Security taxes, as well as an increase in the overall Social Security tax rate (employee and employer combined) from 10.4% in 2011 to 12.4% in 2021.

2011 to 2021 | State and local sales and excise taxes

The \$226 billion growth in revenue from state and local sales and excise taxes reflects a \$173 billion or 57% increase in general sales tax revenues and a \$53 billion or 34% 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 when comparing these periods, led by recreation and entertainment (\$341 billion or 58% increase)**, technology (\$263 billion or 52% increase)**, food and non-alcoholic beverages away from home (\$261 billion or 58% increase)**, principal and down payments on cars (\$182 billion or 65% increase)**, and furnishings and household equipment (\$173 billion or 69% increase)**.⁴⁷ State-level general sales tax rates increased in nine states by between 0.2 and 0.5 percentage points, while there were decreases in four states between 0.4 and 1.0 percentage points.⁴⁸ 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 \$12 billion or 29% increase in tax revenues from motor fuels and a \$10 billion or 60% increase in tax revenues from insurance premiums. 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 increased 1%**⁴⁹ and spending on insurance premiums increased 72%**⁵⁰. The unweighted average of gas tax rates across all states increased 39% when comparing these periods.⁴⁸ We are not aware of an aggregated source of data for state and local government tax rates on insurance premiums.

2011 to 2021 | State and local earnings on investments⁵²

State and local earnings on investments increased \$742 billion or 153% due to a \$2,471 billion or 84% increase in investment balances and changes in investment performance. The increase in investment balances was driven primarily by increases in US corporate equities (\$1,341 or 76% increase), Treasury securities (\$229 billion or 137% increase), and miscellaneous assets (\$764 billion or 717% increase).

During these periods, these state and local funds were invested primarily in US corporate equities (58% and 60% in 2021 and 2011, respectively), corporate and foreign bonds (10% and 14%, respectively), Treasury securities (7% and 6%, respectively), and miscellaneous assets (16% and 4%, respectively).

There was volatility in the stock market when comparing these periods. Using state and local fiscal year (July 1 to June 30) starting and ending values to calculate the performance each year, the annual performance of the S&P 500 increased 313%, whereas the US Prime rate remained constant at 3.25% in 2011 and 2021.

Expenditures by function⁵³

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

Fiscal year 2021 compared with fiscal year 2020

(In billions, except percentages)	2021			2020			Changes ²					
	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	\$ 4,682	\$ 3,749	\$ 933	\$ 4,283	\$ 3,422	\$ 861	\$ 399	\$ 327	\$ 72	9%	10%	8%
Personnel and compensation	1,895	657	1,238	1,820	638	1,182	75	19	56	4%	3%	5%
Payments to others for goods and services	1,339	614	725	1,604	955	649	(265)	(341)	76	(17)%	(36)%	12%
Capital expenditures	668	235	433	670	239	431	(2)	(4)	2	—%	(2)%	—%
Net interest paid	423	352	71	404	345	59	19	7	12	5%	2%	20%
Other	132	132	—	73	73	—	59	59	—	81%	81%	—%
Total expenditures	\$ 9,139	\$ 5,739	\$ 3,400	\$ 8,854	\$ 5,672	\$ 3,182	\$ 285	\$ 67	\$ 218	3%	1%	7%
Estimated impact of inflation on total expenditures							\$ 295	\$ 189	\$ 106	3%	3%	3%
Estimated impact of population growth on total expenditures							14	9	5	—%	—%	—%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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.

2020 to 2021 | Federal transfer payments to individuals and subsidies

The \$327 billion increase in federal transfer payments to individuals and subsidies reflects both increases and decreases across major programs. The most significant changes are discussed below.

Other transfer payments to individuals and subsidies

Other transfer payments to individuals and subsidies increased \$383 billion or 68%, driven primarily by a \$295 billion or 107% increase in EIP, as discussed within *Overview / Trends* above.

Unemployment insurance

Unemployment insurance decreased \$84 billion or 18%, driven primarily by the winding down of COVID-19 pandemic-related programs. By the end of fiscal year 2020, the unemployment rate had dropped 7 percentage points to 8% from its peak in fiscal year 2020, and a total of 11 million jobs, or 51% of total lost jobs, had been recovered. By the end of fiscal year 2021, the unemployment rate had dropped another 3 percentage points to 5%, and a further 6 million jobs had been recovered.⁵⁴ This resulted in a decrease in CARES Act COVID-19 Pandemic benefits, as well as in the total number of weeks of unemployment claimed for regular, extended, and emergency benefits by 11%* when comparing 2021 to 2020. See further discussion of these benefits in *Part I. Item 1. Purpose and Function of our Government / Major government programs / Unemployment Insurance*.

2020 to 2021 | State and local transfer payments to individuals and subsidies

The \$72 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a \$60 billion or 9% increase in Medicaid and Children's Health Insurance Program (CHIP) payments. This increase reflects:

- 0.9 million or 1% growth in person-year equivalent enrollment, including 0.4 million children enrollees (1% growth), 0.2 million aged enrollees (3% growth), and 0.1 million (1% growth) in each disabled, adults, and expansion adult enrollees; and
- a \$412 or 5% increase in average annual per enrollee spending, driven primarily by a \$1,005 or 5% increase in per enrollee spending for the disabled, the most expensive group served, and a \$733 or 5% increase in per enrollee spending for the aged, the second most expensive group served.⁵⁸

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

2020 to 2021 | Federal personnel and compensation

The \$19 billion increase in federal personnel and compensation payments reflected growth of \$15 billion or 3% in compensation for current employees driven by a \$13 billion or 4% increase in compensation for civilian employees. The number of civilian federal government full-time equivalent employees increased 1%* when comparing these years.

2020 to 2021 | State and local personnel and compensation

The \$56 billion increase in state and local personnel and compensation payments comprised growth of \$35 billion or 4% in compensation for current employees and \$22 billion or 6% in compensation for former employees.

Current employees

The 4% increase in compensation for current employees was driven by a 2%** or \$0.928** per hour increase in compensation (excluding pension), including 2%** growth in wages and salaries and 2%** growth in health insurance benefits. The number of state and local government full-time equivalent employees decreased 2%**, including a 3%** decrease in full-time equivalent education employees when comparing these years.

Contributions made by state and local government employers on behalf of their employees grew 6% when comparing these years, primarily related to defined benefit plans, which made up 93% of total employer pension contributions in 2021 and increased 6% when comparing these years.

Former employees

The 6% increase in compensation for former employees was driven by a 2% increase in the number of retirees receiving periodic benefits and a 5% 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 2%* when comparing these years.

2020 to 2021 | Federal payments to others for goods and services

The \$341 billion decrease in federal payments to others for goods and services was driven primarily by a decrease of \$257 billion in SBA business loans programs as a result of the COVID-19 pandemic. The SBA primarily funded two programs, the PPP and the EIDL program. The decrease in SBA business loan programs costs was driven primarily by a \$230 billion decrease in loan subsidy costs, including reestimates, attributable to the PPP and debt relief programs under the CARES Act.⁵⁴ See a discussion of these SBA loans programs in *Note 30 – COVID-19 activity in Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements* within this annual report.

2020 to 2021 | State and local payments to others for goods and services

The \$76 billion increase in state and local payments to others for goods and services was driven primarily by a \$41 billion or 28% increase in costs of central government functions, including general property and records and financial management, and an increase in public health services of \$17 billion or 18%, which provided COVID-19 pandemic relief for emergency preparedness and response activities.

2020 to 2021 | State and local net interest paid

The \$12 billion increase in state and local net interest paid reflects a \$16 billion decrease in interest income, offset in part by a decrease in interest expense. The decrease in interest income was driven by lower interest rates, offset in part by a \$9 billion or 1% increase in non-pension interest bearing assets. Lower interest rates reflect the decrease in the US Prime rate from 4.45% in 2020 to 3.25% in 2021. The increase in non-pension interest bearing assets comprised primarily a \$129 billion or 77% increase in checkable deposits and currency, a \$10 billion or 6% increase in security repurchase agreements, a \$9 billion or 23% increase in money market funds, and a \$4 billion or 5% increase in commercial paper, offset in part by a \$65 billion or 13% decrease in agency and GSE-backed securities, a \$41 billion or 17% decrease in corporate and foreign bonds, and a \$38 billion or 9% decrease in time and savings deposits. During these periods, non-pension state and local funds were invested primarily in agency and GSE-backed securities (27% and 31% in 2021 and 2020, respectively), time and savings deposits (24% and 27%, respectively), and checkable deposits and currency (18% and 10%, respectively).

Fiscal year 2021 compared with fiscal year 2016

(In billions, except percentages)	2021			2016			Changes ²					
	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	\$ 4,682	\$ 3,749	\$ 933	\$ 2,828	\$ 2,119	\$ 709	\$ 1,854	\$ 1,630	\$ 224	66%	77%	32%
Personnel and compensation	1,895	657	1,238	1,573	564	1,009	322	93	229	20%	16%	23%
Payments to others for goods and services	1,339	614	725	678	148	530	661	466	195	97%	315%	37%
Capital expenditures	668	235	433	498	146	352	170	89	81	34%	61%	23%
Net interest paid	423	352	71	314	240	74	109	112	(3)	35%	47%	(4)%
Other	132	132	—	(26)	(26)	—	158	158	—	(608)%	(608)%	—%
Total expenditures	\$ 9,139	\$ 5,739	\$ 3,400	\$ 5,865	\$ 3,191	\$ 2,674	\$ 3,274	\$ 2,548	\$ 726	56%	80%	27%
Estimated impact of inflation on total expenditures							\$ 680	\$ 370	\$ 310	12%	12%	12%
Estimated impact of population growth on total expenditures							162	88	74	3%	3%	3%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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.

2016 to 2021 | Federal transfer payments to individuals and subsidies

The \$1,630 billion increase in federal transfer payments to individuals and subsidies reflects increases across all major programs except Supplemental Security Income (SSI). The most significant changes are discussed below.

Other transfer payments to individuals and subsidies

Other transfer payments to individuals and subsidies increased \$798 billion or 534%, driven primarily by \$570 billion in EIP and a \$123 billion or 6,171% increase in Federal Direct Student Loan Program (FDSL) expenditures.

The EIP is a result of the COVID-19 pandemic, as discussed within *Overview / Trends* above.

The increase in FDSL expenditures reflects a \$120 billion or 1,217% increase in FDSL program costs, which consisted primarily of a \$71 billion or 100% increase from subsidies for modifications of direct loans and a \$39 billion or 446% increase from reestimates of direct loan subsidies. When comparing these years, there was a 3 million person or 23% decrease in the number of FDSL recipients, while the average dollar amount of loans disbursed increased 72%. Also, when comparing these years, average undergraduate tuition and required fees increased 4%.

Unemployment insurance

Unemployment insurance increased \$355 billion or 1,080%, driven primarily by the COVID-19 pandemic. The CARES Act allowed the DOL to create new pandemic-related unemployment programs in fiscal year 2020, which were extended into 2021, resulting in claims for CARES Act COVID-19 Pandemic benefits. The increase in the total number of weeks of unemployment claimed for regular, extended, and emergency benefits by 321%*. See further discussion of these benefits in *Part I. Item 1. Purpose and Function of our Government / Major government programs / Unemployment Insurance*.

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

Social Security payments increased \$221 billion or 29%, driven by:

- a 4.5 million person or 7% increase in the number of OASDI recipients, including an increase of 5.8 million recipients or 12% for Old-Age Survivors Insurance (OASI), offset in part by a decrease of 1.3 million recipients or 12% for Disability Insurance (DI); and
- a 14% increase in the average monthly benefit payment, including increases of \$203 or 16% for OASI and \$124 or 12% for DI.

The average OASI recipient age increased from 71 to 72 during these periods, while the average DI recipient age increased 4% from 48 to 50 in 2021. The population aged 65 years and older, the cohort we track that is most likely to be receiving OASI benefits, increased 14%*.

2016 to 2021 | State and local transfer payments to individuals and subsidies

The \$224 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a \$173 billion or 32% increase in Medicaid and CHIP payments. This increase reflects:

- 5.5 million or 8% growth in person-year equivalent enrollment, including 2.1 million expansion adult enrollees (19% growth); 1.3 million children enrollees (5% growth); and 0.9 million aged enrollees (16% growth); and
- a \$1,307 or 17% increase in average annual per enrollee spending, driven primarily by a \$2,867 or 14% increase in per enrollee spending for the disabled, the most expensive group served, and a \$1,508 or 10% increase in per enrollee spending for the aged, the second most expensive group served.⁵⁸

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

2016 to 2021 | State and local personnel and compensation

The \$229 billion increase in state and local personnel and compensation payments comprised growth of \$165 billion or 21% in compensation for current employees and \$75 billion or 25% in compensation for former employees, offset in part by an \$11 billion or 15% increase in employee contributions to their own retirement/disability funds.

Current employees

The 21% increase in compensation for current employees was driven by a 16%** or \$6.51** per hour increase in compensation (excluding pension), including 15%** growth in wages and salaries and 16%** growth in health insurance benefits. The number of state and local government full-time equivalent employees remained flat**, whereas the number of full-time equivalent education employees decreased 2%** when comparing these years.

Pension contributions made by current employees to their own pensions grew 15% when comparing these years. Contributions made by state and local government employers on behalf of their employees grew 40% when comparing these years, primarily related to defined benefit plans, which made up 93% of total employer pension contributions in 2021 and increased 42% when comparing these years.

Former employees

The 25% increase in compensation for former employees was driven by a 13% increase in the number of retirees receiving periodic benefits and an 11% 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 14%* when comparing these years.

2016 to 2021 | Federal payments to others for goods and services

The \$466 billion increase in federal payments to others for goods and services was driven primarily by an increase of \$296 billion in SBA business loans programs as a result of the COVID-19 pandemic as discussed above under *2020 to 2021 / Federal payments to others for goods and services*. Additionally, the Department of Health and Human Services (HHS) Public Health and Social Services Emergency Fund (PHSSEF), which provided COVID-19 pandemic relief for emergency preparedness and response activities, increased \$69 billion, and Treasury appropriated funding in the amount of \$31 billion for financial assistance payments to passenger air carriers and contractors to provide payroll support to aviation workers during the COVID-19 pandemic. See also a discussion of these SBA loans programs, the PHSSEF, and federal payments to aviation workers in *Note 30 – COVID-19 activity in Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements* within this annual report.

Fiscal year 2021 compared with fiscal year 2011

(In billions, except percentages)	2021			2011			Changes ²					
	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	\$ 4,682	\$ 3,749	\$ 933	\$ 2,357	\$ 1,829	\$ 528	\$ 2,325	\$ 1,920	\$ 405	99%	105%	77%
Personnel and compensation	1,895	657	1,238	1,414	537	877	481	120	361	34%	22%	41%
Payments to others for goods and services	1,339	614	725	731	234	497	608	380	228	83%	162%	46%
Capital expenditures	668	235	433	527	191	336	141	44	97	27%	23%	29%
Net interest paid	423	352	71	297	230	67	126	122	4	42%	53%	6%
Other	132	132	—	(30)	(30)	—	162	162	—	(540)%	(540)%	—%
Total expenditures	\$ 9,139	\$ 5,739	\$ 3,400	\$ 5,296	\$ 2,991	\$ 2,305	\$ 3,843	\$ 2,748	\$ 1,095	73%	92%	48%
Estimated impact of inflation on total expenditures							\$ 1,032	\$ 583	\$ 449	19%	19%	19%
Estimated impact of population growth on total expenditures							347	196	151	7%	7%	7%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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.

2011 to 2021 | Federal transfer payments to individuals and subsidies

The \$1,920 billion increase in federal transfer payments to individuals and subsidies reflects increases across all major programs. The most significant changes are discussed below.

Other transfer payments to individuals and subsidies

Other transfer payments to individuals and subsidies increased \$808 billion or 579%, driven primarily by \$570 billion in EIP and a \$148 billion or 651% increase in FDSL expenditures.

The EIP is a result of the COVID-19 pandemic, as discussed within *Overview / Trends* above.

The increase in FDSL expenditures reflects a \$127 billion or 4,566% increase in FDSL program costs, which consisted primarily of a \$71 billion or 100% increase from subsidies for modifications of direct loans and a \$45 billion or 1,932% increase from reestimates of direct loan subsidies. When comparing these years, there was an 8 million person or 41% decrease in the number of FDSL recipients, while the average dollar amount of loans disbursed increased 61%. Also, when comparing these years, average undergraduate tuition and required fees increased 20%.

Social Security

Social Security payments increased \$392 billion or 66%, driven by:

- a 10.1 million person or 18% increase in the number of OASDI recipients, including an increase of 11.2 million recipients or 25% for OASI, offset in part by a decrease of 1.1 million recipients or 11% for DI; and
- a 29% increase in the average monthly benefit payment, including increases of \$369 or 33% for OASI and \$226 or 24% for DI.

The average OASI recipient age increased from 71 to 72 during these periods, while the average DI recipient age increased 9% from 46 to 50 in 2021. 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 50%, reflecting a 15.1 million* person or 31%* increase in Medicare enrollees and a 24%* increase in average cost per beneficiary (net of premiums received). Medicare premiums received increased \$59 billion or 94% when comparing these years.

Medicare payments in 2021 were also impacted by temporary expansion of the Accelerated and Advance Payments Program (AAPP) to a broader group of Medicare suppliers and providers due to COVID-19, from March 28, 2020 to October 8, 2020.⁵⁵ In calendar year 2021, there were \$29.1 billion in net repayments under AAPP.⁵⁶ See further discussion of this program in *Part I. Item 1. Purpose and Function of Our Government / Major government programs / Medicare*.

Our population aged 65 years and older (one eligibility requirement for Medicare) grew by 36%* when comparing 2011 to 2021. General medical care cost inflation was 32%, with prices of medical commodities inflating 17%, medical services inflating 36%, and hospitals inflating 49%.⁵⁷

2011 to 2021 | State and local transfer payments to individuals and subsidies

The \$405 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a \$333 billion or 86% increase in Medicaid and CHIP payments. This increase reflects:

- 20.8 million or 37% growth in person-year equivalent enrollment, including 13.3 million expansion adult enrollees; 2.1 million adult enrollees (15% growth), and 2.1 million children enrollees (8% growth); and
- a \$1,784 or 25% increase in average annual per enrollee spending, driven primarily by a \$4,365 or 24% increase in per enrollee spending for the disabled, the most expensive group served, and a \$451 or 3% increase in per enrollee spending for the aged, the second most expensive group served.⁵⁸

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

2011 to 2021 | State and local personnel and compensation

The \$361 billion increase in state and local personnel and compensation payments comprised growth of \$245 billion or 35% in compensation for current employees and \$140 billion or 59% in compensation for former employees, offset in part by a \$24 billion or 41% increase in employee contributions to their own retirement/disability funds.

Current employees

The 35% increase in compensation for current employees was driven by a 26%** or \$9.72** per hour increase in compensation (excluding pension), including 25%** growth in wages and salaries and 30%** growth in health insurance benefits. The number of state and local government full-time equivalent employees and education full-time equivalent employees remained flat** when comparing these years.

Pension contributions made by current employees to their own pensions grew 41% when comparing these years. Contributions made by state and local government employers on behalf of their employees grew 103% when comparing these years, primarily related to defined benefit plans, which made up 93% of total employer pension contributions in 2021 and increased 109% when comparing these years.

Former employees

The 59% increase in compensation for former employees was driven by a 36% increase in the number of retirees receiving periodic benefits and a 21% 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%* when comparing these years.

2011 to 2021 | Federal payments to others for goods and services

The \$380 billion increase in federal payments to others for goods and services was driven primarily by an increase of \$289 billion in SBA business loans programs as a result of the COVID-19 pandemic, as discussed above under *2020 to 2021 / Federal payments to others for goods and services*, and \$31 billion in federal payments to support aviation workers, as discussed above under *2016 to 2021 / Federal payments to others for goods and services*.

Expenditures by segment⁵³

(In billions, except percentages)	2021			2020			Changes					
	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	\$ 508	\$ 42	\$ 466	\$ 523	\$ 74	\$ 449	\$ (15)	\$ (32)	\$ 17	(3)%	(43)%	4%
Common Defense	1,054	1,053	1	1,030	1,029	1	24	24	—	2%	2%	—%
General Welfare	3,215	1,973	1,242	3,093	1,953	1,140	122	20	102	4%	1%	9%
Blessings of Liberty	3,981	2,515	1,466	3,927	2,518	1,409	54	(3)	57	1%	—%	4%
General government support and other	381	156	225	281	98	183	100	58	42	36%	59%	23%
Total expenditures	\$ 9,139	\$ 5,739	\$ 3,400	\$ 8,854	\$ 5,672	\$ 3,182	\$ 285	\$ 67	\$ 218	3%	1%	7%
Estimated impact of inflation on total expenditures							\$ 295	\$ 189	\$ 106	3%	3%	3%
Estimated impact of population growth on total expenditures							14	9	5	—%	—%	—%

PART II
Item 7

(In billions, except percentages)	2021			2016			Changes					
	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	\$ 508	\$ 42	\$ 466	\$ 427	\$ 48	\$ 379	\$ 81	\$ (6)	\$ 87	19%	(13)%	23%
Common Defense	1,054	1,053	1	828	827	1	226	226	—	27%	27%	—%
General Welfare	3,215	1,973	1,242	1,374	441	933	1,841	1,532	309	134%	347%	33%
Blessings of Liberty	3,981	2,515	1,466	3,100	1,885	1,215	881	630	251	28%	33%	21%
General government support and other	381	156	225	136	(10)	146	245	166	79	180%	nm	54%
Total expenditures	\$ 9,139	\$ 5,739	\$ 3,400	\$ 5,865	\$ 3,191	\$ 2,674	\$ 3,274	\$ 2,548	\$ 726	56%	80%	27%
Estimated impact of inflation on total expenditures							\$ 680	\$ 370	\$ 310	12%	12%	12%
Estimated impact of population growth on total expenditures							162	88	74	3%	3%	3%

(In billions, except percentages)	2021			2011			Changes					
	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	\$ 508	\$ 42	\$ 466	\$ 381	\$ 43	\$ 338	\$ 127	\$ (1)	\$ 128	33%	(2)%	38%
Common Defense	1,054	1,053	1	893	892	1	161	161	—	18%	18%	—%
General Welfare	3,215	1,973	1,242	1,245	491	754	1,970	1,482	488	158%	302%	65%
Blessings of Liberty	3,981	2,515	1,466	2,633	1,575	1,058	1,348	940	408	51%	60%	39%
General government support and other	381	156	225	144	(10)	154	237	166	71	165%	nm	46%
Total expenditures	\$ 9,139	\$ 5,739	\$ 3,400	\$ 5,296	\$ 2,991	\$ 2,305	\$ 3,843	\$ 2,748	\$ 1,095	73%	92%	48%
Estimated impact of inflation on total expenditures							\$ 1,032	\$ 583	\$ 449	19%	19%	19%
Estimated impact of population growth on total expenditures							347	196	151	7%	7%	7%

^{nm} An "nm" reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – Intergovernmental transfers (Part II, Item 8 within this Annual Report).

Justice and Domestic Tranquility

In 2021, this segment's expenditures comprise a small portion (6%) of the overall Government budget. The majority (more than 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 2021 compared with fiscal year 2020

(In billions, except percentages)	2021			2020			Changes ²					
	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	\$ 369	\$ 33	\$ 336	\$ 391	\$ 67	\$ 324	\$ (22)	\$ (34)	\$ 12	(6)%	(51)%	4%
Child safety and miscellaneous social services	114	1	113	109	1	108	5	—	5	5%	—%	5%
Safeguarding consumers and employees	25	8	17	23	6	17	2	2	—	9%	33%	—%
Total Justice and Domestic Tranquility	\$ 508	\$ 42	\$ 466	\$ 523	\$ 74	\$ 449	\$ (15)	\$ (32)	\$ 17	(3)%	(43)%	4%
As a percentage of total expenditures	6%	1%	14%	6%	1%	14%						
Estimated impact of inflation on segment expenditures							\$ 17	\$ 2	\$ 15	3%	3%	3%
Estimated impact of population growth on segment expenditures							1	—	1	—%	—%	—%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$34 billion decrease in federal crime and disaster expenditures was driven by a \$37 billion or 144% decrease in disaster relief expenditures. The number of billion-dollar weather and climate disaster incidents decreased 9% when comparing these years. The number of tropical cyclones decreased by 3 incidents or 43% and severe storms decreased by 2 incidents or 15%. However, the decrease in disaster relief expenditures related primarily to hurricane Laura, the most expensive weather-related event of 2020 at a cost of \$23 billion.⁵⁹

Fiscal year 2021 compared with fiscal year 2016

(In billions, except percentages)	2021			2016			Changes ²					
	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	\$ 369	\$ 33	\$ 336	\$ 322	\$ 40	\$ 282	\$ 47	\$ (7)	\$ 54	15%	(18)%	19%
Child safety and miscellaneous social services	114	1	113	84	1	83	30	—	30	36%	—%	36%
Safeguarding consumers and employees	25	8	17	21	7	14	4	1	3	19%	14%	21%
Total Justice and Domestic Tranquility	\$ 508	\$ 42	\$ 466	\$ 427	\$ 48	\$ 379	\$ 81	\$ (6)	\$ 87	19%	(13)%	23%
As a percentage of total expenditures	6%	1%	14%	7%	2%	14%						
Estimated impact of inflation on segment expenditures							\$ 50	\$ 6	\$ 44	12%	12%	12%
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 26 – 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 \$54 billion increase in state and local crime and disaster expenditures was driven primarily by a \$35 billion or 19% increase in law enforcement and corrections costs, reflecting a \$26 billion or 24% increase in law enforcement expenditures and a \$9 billion or 12% increase in corrections expenditures. In addition, fire protection costs increased \$13 billion or 28%.

The \$26 billion increase in law enforcement expenditures was driven by a \$26 billion or 24% increase in police protection operations costs. Annualized gross payroll costs for state and local police protection employees grew \$12 billion or 18% when comparing these years, while the number of state and local police protection full-time equivalent employees increased 3%. When comparing these years, violent crimes increased 3%* and related arrests decreased 38%*, while property crimes decreased 21%* and related arrests decreased 56%*. See discussion of crime and arrests within *Item 7. Management's Discussion and Analysis / Key metrics by segment / Justice and Domestic Tranquility / Crime and disaster, Crime*.

The \$9 billion increase in corrections expenditures comprised mainly a \$9 billion or 12% increase in correctional operations costs. Annualized gross payroll costs for state and local corrections employees grew \$5 billion or 13% when comparing these years, while the number of correctional full-time equivalent employees decreased 3%. When comparing these years, there was a 20%* and 14% decrease in the number of people incarcerated in state prisons and in local jails, respectively. See discussion of incarceration within *Item 7. Management's Discussion and Analysis / Key metrics by segment / Justice and Domestic Tranquility / Crime and disaster / Incarceration*.

The \$13 billion increase in fire protection costs reflects growth of \$6 billion or 23% in annualized gross payroll costs for state and local fire protection employees, while the number of state and local fire protection full-time equivalent employees increased 6%. Overall non-natural disaster fire incidents increased 2%* when comparing these years.

State and local child safety and miscellaneous social services

The \$30 billion increase in state and local child safety and miscellaneous social services expenditures was due to a \$30 billion or 37% increase in the costs of public welfare operations.

Fiscal year 2021 compared with fiscal year 2011

(In billions, except percentages)	2021			2011			Changes ²					
	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	\$ 369	\$ 33	\$ 336	\$ 292	\$ 37	\$ 255	\$ 77	\$ (4)	\$ 81	26%	(11)%	32%
Child safety and miscellaneous social services	114	1	113	70	1	69	44	—	44	63%	—%	64%
Safeguarding consumers and employees	25	8	17	19	5	14	6	3	3	32%	60%	21%
Total Justice and Domestic Tranquility	\$ 508	\$ 42	\$ 466	\$ 381	\$ 43	\$ 338	\$ 127	\$ (1)	\$ 128	33%	(2)%	38%
As a percentage of total expenditures	6%	1%	14%	7%	1%	15%						
Estimated impact of inflation on segment expenditures							\$ 74	\$ 8	\$ 66	19%	19%	19%
Estimated impact of population growth on segment expenditures							25	3	22	7%	7%	7%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$81 billion increase in state and local crime and disaster expenditures was driven primarily by a \$52 billion or 31% increase in costs of law enforcement and corrections, reflecting a \$38 billion or 39% increase in law enforcement expenditures and a \$14 billion or 19% increase in corrections expenditures. In addition, fire protection costs increased \$20 billion or 48%.

The \$38 billion increase in law enforcement expenditures was driven by a \$38 billion or 39% increase in police protection operations costs. Annualized gross payroll costs for state and local police protection employees grew \$16 billion or 26% when comparing these years, while the number of state and local police protection full-time equivalent employees remained flat. When comparing these years, violent crimes increased 2%* and related arrests decreased 39%*, while property crimes decreased 31%* and related arrests decreased 62%*. See discussion of crime and arrests within *Item 7. Management's Discussion and Analysis / Key metrics by segment / Justice and Domestic Tranquility / Crime and disaster / Crime*.

The \$14 billion increase in corrections expenditures was driven by a \$14 billion or 20% increase in correctional operations costs. Annualized gross payroll costs for state and local corrections employees grew \$8 billion or 22% when comparing these years, while the number of correctional full-time equivalent employees decreased 6%. When comparing these years, there was a 24%* and 13% decrease in the number of people incarcerated in state prisons and local jails, respectively. See discussion of incarceration within *Item 7. Management's Discussion and Analysis / Key metrics by segment / Justice and Domestic Tranquility / Crime and disaster / Incarceration*.

The \$20 billion increase in fire protection costs reflects growth of \$9 billion or 38% in annualized gross payroll costs for state and local fire protection employees, while the number of state and local fire protection full-time equivalent employees increased 10%. Overall non-natural disaster fire incidents increased 1%* when comparing these years.

State and local child safety and miscellaneous social services

The \$44 billion increase in state and local child safety and miscellaneous social services expenditures was due to a \$44 billion or 64% increase in the costs of public welfare operations.

Common Defense

In 2021, this segment's expenditures comprise 12% of the overall Government budget. Expenditures for national defense comprise approximately 70% of this segment's expenditures, while most of the rest (approximately 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 2021 compared with fiscal year 2020

(In billions, except percentages)	2021			2020			Changes ²					
	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	\$ 754	\$ 754	\$ —	\$ 724	\$ 724	\$ —	\$ 30	\$ 30	\$ —	4%	4%	—%
Support for veterans	232	231	1	217	216	1	15	15	—	7%	7%	—%
Foreign affairs and foreign aid	46	46	—	67	67	—	(21)	(21)	—	(31)%	(31)%	—%
Immigration and border security	22	22	—	22	22	—	—	—	—	—%	—%	—%
Total Common Defense	\$ 1,054	\$ 1,053	\$ 1	\$ 1,030	\$ 1,029	\$ 1	\$ 24	\$ 24	\$ —	2%	2%	—%
As a percentage of total expenditures	12%	18%	—%	12%	18%	—%						
Estimated impact of inflation on segment expenditures							\$ 34	\$ 34	\$ —	3%	3%	3%
Estimated impact of population growth on segment expenditures							2	2	—	—%	—%	—%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$30 billion increase in national defense expenditures reflects:

- an \$11 billion or 7% increase in military personnel expenditures across all military branches: Army, Navy, Air Force, and Marines;
- a \$7 billion or 3% increase in operations and maintenance expenditures, mostly for the Air Force and Navy, which fund the training, supply, and equipment maintenance of military units as well as the infrastructure of military bases;
- a \$6 billion or 6% increase in research and development (R&D) expenditures, mostly for the Air Force, primarily the Space Force; and
- a \$2 billion or 2% increase in military procurement expenditures, mostly for the Navy and Army and primarily for the procurement of aircraft, missiles, ammunition, weapons, or tracked combat vehicles, and for space-related items.

When comparing these years, the number of active-duty military personnel and civilian military personnel both remained flat.

Fiscal year 2021 compared with fiscal year 2016

(In billions, except percentages)	2021			2016			Changes ²					
	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	\$ 754	\$ 754	\$ —	\$ 594	\$ 594	\$ —	\$ 160	\$ 160	\$ —	27%	27%	—%
Support for veterans	232	231	1	174	173	1	58	58	—	33%	34%	—%
Foreign affairs and foreign aid	46	46	—	45	45	—	1	1	—	2%	2%	—%
Immigration and border security	22	22	—	15	15	—	7	7	—	47%	47%	—%
Total Common Defense	\$ 1,054	\$ 1,053	\$ 1	\$ 828	\$ 827	\$ 1	\$ 226	\$ 226	\$ —	27%	27%	—%
As a percentage of total expenditures	12%	18%	—%	14%	26%	—%						
Estimated impact of inflation on segment expenditures							\$ 96	\$ 96	\$ —	12%	12%	12%
Estimated impact of population growth on segment expenditures							23	23	—	3%	3%	3%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$160 billion increase in national defense expenditures reflects:

- a \$43 billion or 18% increase in operations and maintenance expenditures, mostly for the Navy, Air Force, and Army;
- a \$41 billion or 63% increase in R&D expenditures, mostly for the Air Force;
- a \$39 billion or 38% increase in military procurement expenditures, mostly for the Navy, Air Force, and Army; and
- a \$25 billion or 17% increase in military personnel expenditures across all military branches: Army, Air Force, Navy, and Marines.

When comparing these years, the number of active-duty military personnel increased 3% and civilian military personnel increased 4%.

Federal support for veterans

The \$58 billion increase in federal support for veterans expenditures was driven primarily by a \$34 billion or 53% increase in veterans medical care costs and a \$29 billion or 33% increase in pension and disability benefits expenditures, despite a 9%* decline in the number of veterans.

The 53% increase in veterans medical care costs was driven primarily by a \$22 billion or 100% increase in VCCP expenditures and a \$9 billion or 18% increase in veterans medical services costs. There was a 5% increase in the number of patients who received care at a Veterans Health Administration (VHA) facility when comparing these years, while medical care inflation was 14%.

The 33% increase in pension and disability benefits expenditures was driven primarily by growth of \$32 billion or 40% in veteran compensation payments. This growth primarily reflects an 869 thousand or 20% increase in the number of disability compensation recipients and a \$4,003 or 27% increase in the average annual disability compensation payment. There was also a 61 thousand or 15% increase in the number of surviving beneficiary compensation recipients, and a \$1,340 or 8% increase in the average annual surviving beneficiary compensation payment. The overall growth in compensation payments reflects changes in underlying veteran demographics; there was a 9.0 million person or 68% increase in veteran/beneficiary claimants who served in the Gulf War Era, offset in part by a 149 thousand person or 73% decrease in veteran/beneficiary claimants who served in World War II.

Fiscal year 2021 compared with fiscal year 2011

(In billions, except percentages)	2021			2011			Changes ²					
	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	\$ 754	\$ 754	\$ —	\$ 705	\$ 705	\$ —	\$ 49	\$ 49	\$ —	7%	7%	—%
Support for veterans	232	231	1	127	126	1	105	105	—	83%	83%	—%
Foreign affairs and foreign aid	46	46	—	46	46	—	—	—	—	—%	—%	—%
Immigration and border security	22	22	—	15	15	—	7	7	—	47%	47%	—%
Total Common Defense	\$ 1,054	\$ 1,053	\$ 1	\$ 893	\$ 892	\$ 1	\$ 161	\$ 161	\$ —	18%	18%	—%
As a percentage of total expenditures	12%	18%	—%	17%	30%	—%						
Estimated impact of inflation on segment expenditures							\$ 174	\$ 174	\$ —	19%	19%	19%
Estimated impact of population growth on segment expenditures							59	59	—	7%	7%	7%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$49 billion increase in national defense expenditures reflects:

- a \$31 billion or 41% increase in R&D expenditures, mostly for the Air Force; and
- a \$13 billion or 10% increase in military procurement expenditures, mostly for the Navy.

When comparing these years, the number of active-duty military personnel decreased 5% and civilian military personnel decreased 1%.

Federal support for veterans

The \$105 billion increase in federal support for veterans expenditures was driven primarily by a \$57 billion or 97% increase in pension and disability benefits expenditures and a \$48 billion or 98% increase in veterans medical care costs, despite a 22%* decline in the number of veterans.

The 97% increase in pension and disability benefits expenditures was driven primarily by growth of \$59 billion or 113% in veteran compensation payments. This growth primarily reflects a 1.9 million or 56% increase in the number of disability compensation recipients and a \$7,121 or 61% increase in the average annual disability compensation payment. There was also a 105 thousand or 30% increase in the number of surviving beneficiary compensation recipients, and a \$2,632 or 18% increase in the average annual surviving beneficiary compensation payment. The overall increase in compensation payments reflects changes in underlying veteran demographics; there was a 16.1 million person or 257% increase in veteran/beneficiary claimants who served in the Gulf War Era, offset in part by a 391 thousand person or 88% decrease in veteran/beneficiary claimants who served in World War II.

The 98% increase in veterans medical care costs was driven primarily by a \$22 billion or 100% increase in VCCP expenditures and a \$21 billion or 53% increase in veterans medical services costs. There was a 16% increase in the number of patients who received care at a VHA facility when comparing these years, while medical care inflation was 32%.

General Welfare

In 2021, this segment's expenditures comprise 35% of the overall Government budget. Expenditures for standard of living and aid to the disadvantaged comprise approximately 70% of this segment's expenditures. Nearly 40% 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 2021 compared with fiscal year 2020

(In billions, except percentages)	2021			2020			Changes ²					
	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	\$ 695	\$ 444	\$ 251	\$ 952	\$ 711	\$ 241	\$ (257)	\$ (267)	\$ 10	(27)%	(38)%	4%
Standard of living and aid to the disadvantaged	2,244	1,412	832	1,838	1,076	762	406	336	70	22%	31%	9%
Health (excluding Medicaid and Medicare)	276	117	159	303	166	137	(27)	(49)	22	(9)%	(30)%	16%
Total General Welfare	\$ 3,215	\$ 1,973	\$ 1,242	\$ 3,093	\$ 1,953	\$ 1,140	\$ 122	\$ 20	\$ 102	4%	1%	9%
As a percentage of total expenditures	35%	34%	37%	35%	34%	36%						
Estimated impact of inflation on segment expenditures							\$ 103	\$ 65	\$ 38	3%	3%	3%
Estimated impact of population growth on segment expenditures							5	3	2	—%	—%	—%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$267 billion decrease in federal economy and infrastructure expenditures was driven primarily by a decrease of \$257 billion in SBA business loans programs as a result of the COVID-19 pandemic, as discussed within *Expenditures by function / 2020 to 2021 / Federal transfer payments to individuals and subsidies / Federal payments to others for goods and services* above.

Federal standard of living and aid to the disadvantaged expenditures

The \$336 billion increase in federal standard of living and aid to the disadvantaged expenditures was driven primarily by COVID-19 related programs, including:

- a \$360 billion or 86% increase in other cash programs, driven primarily by a \$295 billion, or 107%, increase in EIP as discussed within *Overview / Trends* above; offset in part by,
- an \$85 billion or 18% decrease in costs of unemployment insurance, primarily due to the decrease in unemployment insurance payments to individuals as discussed within *Expenditures by function / 2020 to 2021 / Federal transfer payments to individuals and subsidies / Unemployment insurance* above.

State and local standard of living and aid to the disadvantaged expenditures

The \$70 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven primarily by a \$60 billion or 9% increase in Medicaid and CHIP payments, as discussed within *Expenditures by function / 2020 to 2021 / State and local transfer payments to individuals and subsidies* above.

Fiscal year 2021 compared with fiscal year 2016

(In billions, except percentages)	2021			2016			Changes ²					
	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	\$ 695	\$ 444	\$ 251	\$ 249	\$ 59	\$ 190	\$ 446	\$ 385	\$ 61	179%	653%	32%
Standard of living and aid to the disadvantaged	2,244	1,412	832	977	337	640	1,267	1,075	192	130%	319%	30%
Health (excluding Medicaid and Medicare)	276	117	159	148	45	103	128	72	56	86%	160%	54%
Total General Welfare	\$ 3,215	\$ 1,973	\$ 1,242	\$ 1,374	\$ 441	\$ 933	\$ 1,841	\$ 1,532	\$ 309	134%	347%	33%
As a percentage of total expenditures	35%	34%	37%	23%	14%	35%						
Estimated impact of inflation on segment expenditures							\$ 159	\$ 51	\$ 108	12%	12%	12%
Estimated impact of population growth on segment expenditures							38	12	26	3%	3%	3%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$385 billion increase in federal economy and infrastructure expenditures was driven primarily by an increase of \$296 billion in SBA business loans programs and \$31 billion in federal payments to support aviation workers, both as a result of the COVID-19 pandemic, as discussed within *Expenditures by function / 2016 to 2021 / Federal transfer payments to individuals and subsidies / Federal payments to others for goods and services* above.

Federal standard of living and aid to the disadvantaged expenditures

The \$1,075 billion increase in federal standard of living and aid to the disadvantaged expenditures was driven primarily by COVID-19 related programs, including:

- a \$638 billion or 449% increase in other cash programs, driven primarily by \$570 billion in EIP as discussed within *Overview / Trends* above; and
- a \$336 billion or 1,064% increase in costs of unemployment insurance, primarily due to the increase in unemployment insurance payments to individuals as discussed within *Expenditures by function / 2016 to 2021 / Federal transfer payments to individuals and subsidies / Unemployment insurance* above.

Fiscal year 2021 compared with fiscal year 2011

(In billions, except percentages)	2021			2011			Changes ²					
	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	\$ 695	\$ 444	\$ 251	\$ 204	\$ 36	\$ 168	\$ 491	\$ 408	\$ 83	241%	nm	49%
Standard of living and aid to the disadvantaged	2,244	1,412	832	892	403	489	1,352	1,009	343	152%	250%	70%
Health (excluding Medicaid and Medicare)	276	117	159	149	52	97	127	65	62	85%	125%	64%
Total General Welfare	\$ 3,215	\$ 1,973	\$ 1,242	\$ 1,245	\$ 491	\$ 754	\$ 1,970	\$ 1,482	\$ 488	158%	302%	65%
As a percentage of total expenditures	35%	34%	37%	24%	16%	33%						
Estimated impact of inflation on segment expenditures							\$ 243	\$ 96	\$ 147	19%	19%	19%
Estimated impact of population growth on segment expenditures							81	32	49	7%	7%	7%

^{nm} An "nm" reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$408 billion increase in federal economy and infrastructure expenditures was driven primarily by an increase of \$289 billion in SBA business loans programs and \$31 billion in federal payments to support aviation workers, both as a result of the COVID-19 pandemic, as discussed within *Expenditures by function / 2011 to 2021 / Federal transfer payments to individuals and subsidies / Federal payments to others for goods and services* above.

Federal standard of living and aid to the disadvantaged expenditures

The \$1,009 billion increase in federal standard of living and aid to the disadvantaged expenditures was driven primarily by COVID-19 related programs, including:

- a \$635 billion or 436% increase in other cash programs, driven primarily by \$570 billion in EIP as discussed within *Overview / Trends* above; and
- a \$273 billion or 234% increase in costs of unemployment insurance, primarily due to the increase in unemployment insurance payments to individuals as discussed for the 2021 to 2016 period above.

State and local standard of living and aid to the disadvantaged expenditures

The \$343 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven by a \$333 billion or 86% increase in Medicaid and CHIP payments, as discussed within *Expenditures by function / 2011 to 2021 / State and local transfer payments to individuals and subsidies* above.

Blessings of Liberty

In 2021, this segment's expenditures comprise 44% of the overall Government budget. Wealth and savings (primarily Social Security, government obligations, including pension obligations and interest on debt, and Medicare) expenditures comprise over 65% 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 2021 compared with fiscal year 2020

(In billions, except percentages)	2021			2020			Changes ²					
	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	\$ 1,206	\$ 174	\$ 1,032	\$ 1,147	\$ 137	\$ 1,010	\$ 59	\$ 37	\$ 22	5%	27%	2%
Wealth and savings	2,621	2,252	369	2,627	2,293	334	(6)	(41)	35	—%	(2)%	10%
Sustainability and self-sufficiency	154	89	65	153	88	65	1	1	—	1%	1%	—%
Total Blessings of Liberty	\$ 3,981	\$ 2,515	\$ 1,466	\$ 3,927	\$ 2,518	\$ 1,409	\$ 54	\$ (3)	\$ 57	1%	—%	4%
As a percentage of total expenditures	44%	44%	43%	44%	44%	44%						
Estimated impact of inflation on segment expenditures							\$ 131	\$ 84	\$ 47	3%	3%	3%
Estimated impact of population growth on segment expenditures							6	4	2	—%	—%	—%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$37 billion increase in federal education expenditures reflects a \$17 billion or 16% increase in FDSL expenditures and a \$15 billion or 165% increase in the Education Stabilization Fund (ESF). The ESF was established by the CARES Act in March 2020, with subsequent allocations codified through the *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSA) and the ARP. The ESF is composed of four primary relief funds that support State and institutional efforts to prevent, prepare for, and respond to the coronavirus impacts on our nation's students.

The increase in FDSL expenditures reflects a \$17 billion or 15% increase in FDSL program costs. The increase in FDSL program costs consisted primarily of a \$31 billion or 79% increase from subsidies for modifications of direct loans, offset in part by a \$10 billion or 62% decrease in interest on reestimates of direct loan subsidies and a \$5 billion or 48% decrease in direct loan subsidies. When comparing these years, there was a 1 million person or 9% decrease in the number of FDSL recipients, while the average dollar amount of loans disbursed decreased 3%. Also, when comparing these years, average undergraduate tuition and required fees remained flat.

The increase in ESF expenditures reflects the additional funding provided by the CRRSA on December 27, 2020 and the ARP on March 11, 2021.

State and local education expenditures

The \$22 billion increase in state and local education expenditures was driven primarily by \$23 billion or 3% higher costs of elementary and secondary education, reflecting:

- a 2% increase in salaries and wages, including 2% for instruction employees and 2% for support employees; and
- a 2% increase in employee benefits, including 2% for instruction employees and 3% for support employees.

Within public elementary and secondary schools, the numbers of students enrolled increased slightly, the number of teachers increased 1%, and the student/teacher ratio remained the same at 15.4 students per teacher.

Federal wealth and savings expenditures

The \$41 billion decrease in federal wealth and savings expenditures was driven primarily by an \$80 billion or 10% decrease in Medicare expenditures, offset in part by a \$39 billion or 4% increase in Social Security expenditures.

The 10% decrease in Medicare expenditures was driven primarily by decreased net repayments under AAPP. In calendar year 2021, there were \$29.1 billion in net repayments under AAPP compared \$63.5 billion of payments in 2020.⁵⁶ This decrease in Medicare expenditures was offset in part by a 1.2 million* person or 2%* increase in Medicare enrollees and a 4%* increase in average cost per beneficiary (net of premiums received). Medicare premiums received increased \$6 billion or 5% when comparing these years. General medical care cost inflation was 1%, with prices of medical commodities deflating 2%, medical services inflating 2%, and hospitals inflating 3%.⁵⁷

The 4% increase in Social Security expenditures reflects increased benefits payments driven by:

- a 0.4 million person or 1% increase in the number of OASDI recipients, including an increase of 0.8 million recipients or 1% for OASI, offset in part by a decrease of 0.4 million recipients or 4% for DI; and
- a 3% increase in the average monthly benefit payment, including increases of \$41 or 3% for OASI and \$26 or 2% for DI.

The average OASI recipient age remained the same at 72 during these periods, while the average DI recipient age increased 2% from 49 to 50 in 2021. The population aged 65 years and older, the cohort we track that is most likely to be receiving OASI benefits, increased 2%*.

State and local wealth and savings expenditures

The \$35 billion increase in state and local wealth and savings expenditures was driven primarily by a \$22 billion or 6% increase in payments to former employees for retirement and disability benefits, as discussed with *Expenditures by function / 2020 to 2021 / State and local personnel and compensation / Former employees* above. In addition, there was a \$14 billion or 24% increase in net interest on debt, as discussed within *Expenditures by function / 2020 to 2021 / State and local net interest paid* above.

Fiscal year 2021 compared with fiscal year 2016

(In billions, except percentages)	2021			2016			Changes ²					
	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	\$ 1,206	\$ 174	\$ 1,032	\$ 867	\$ 13	\$ 854	\$ 339	\$ 161	\$ 178	39%	nm	21%
Wealth and savings	2,621	2,252	369	2,126	1,819	307	495	433	62	23%	24%	20%
Sustainability and self-sufficiency	154	89	65	107	53	54	47	36	11	44%	68%	20%
Total Blessings of Liberty	\$ 3,981	\$ 2,515	\$ 1,466	\$ 3,100	\$ 1,885	\$ 1,215	\$ 881	\$ 630	\$ 251	28%	33%	21%
As a percentage of total expenditures	44%	44%	43%	53%	59%	45%						
Estimated impact of inflation on segment expenditures							\$ 359	\$ 218	\$ 141	12%	12%	12%
Estimated impact of population growth on segment expenditures							86	52	34	3%	3%	3%

^{nm} An "nm" reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$161 billion increase in federal education expenditures reflects a \$123 billion or 6,171% increase in FDSL, as discussed within *Expenditures by function / 2016 to 2021 / Federal transfer payments to individuals and subsidies* above, and \$24 billion in ESF expenditures in 2021, as discussed above under *2020 to 2021 / Federal education expenditures*.

State and local education expenditures

The \$178 billion increase in state and local education expenditures was driven primarily by \$146 billion or 22% higher costs of elementary and secondary education, reflecting:

- a 13% increase in salaries and wages, including 12% for instruction employees and 17% for support employees; and
- a 22% increase in employee benefits, including 21% for instruction employees and 26% for support employees.

Within public elementary and secondary schools, the numbers of students enrolled decreased 2%, the number of teachers increased 1%, and the student/teacher ratio decreased 4% from 16.0 to 15.4 students per teacher.

Federal wealth and savings expenditures

The \$433 billion increase in federal costs of wealth and savings was driven primarily by a \$219 billion or 24% increase in Social Security expenditures, a \$107 billion or 31% increase in government obligations, and a \$102 billion or 17% increase in Medicare expenditures.

The increase in Social Security expenditures reflect increased benefits payments, as discussed within *Expenditures by function / 2016 to 2021 / Federal transfer payments to individuals and subsidies* above.

The 31% increase in government obligations was driven by a \$112 billion or 47% increase in net interest on debt. Federal marketable Treasury securities outstanding increased \$7,406 billion or 58% when comparing these years, offset in part by decreases in interest rates on Treasury securities across all maturities. The average interest rate for 1-month Treasury securities decreased 0.15 percentage points or 76%, 3-month Treasury securities decreased 0.19 percentage points or 78%, and 6-month Treasury securities decreased 0.34 percentage points or 84%.

The 17% increase in Medicare expenditures reflects a 7.0 million* person or 12%* increase in Medicare enrollees and a 16%* increase in average cost per beneficiary (net of premiums received). Medicare premiums received increased \$42 billion or 52% when comparing these years. General medical care cost inflation was 14%, with prices of medical commodities inflating 4%, medical services inflating 16%, and hospitals inflating 20%.⁵⁷

Medicare payments in 2021 were also impacted by temporary expansion of the AAPP. In calendar year 2021, there were \$29.1 billion in net repayments under AAPP.⁵⁶

Fiscal year 2021 compared with fiscal year 2011

(In billions, except percentages)	2021			2011			Changes ²					
	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	\$ 1,206	\$ 174	\$ 1,032	\$ 712	\$ (32)	\$ 744	\$ 494	\$ 206	\$ 288	69%	(644)%	39%
Wealth and savings	2,621	2,252	369	1,791	1,543	248	830	709	121	46%	46%	49%
Sustainability and self-sufficiency	154	89	65	130	64	66	24	25	(1)	18%	39%	(2)%
Total Blessings of Liberty	\$ 3,981	\$ 2,515	\$ 1,466	\$ 2,633	\$ 1,575	\$ 1,058	\$ 1,348	\$ 940	\$ 408	51%	60%	39%
As a percentage of total expenditures	44%	44%	43%	50%	53%	46%						
Estimated impact of inflation on segment expenditures							\$ 513	\$ 307	\$ 206	19%	19%	19%
Estimated impact of population growth on segment expenditures							172	103	69	7%	7%	7%

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 \$206 billion increase in federal education expenditures reflects a \$148 billion or 651% increase in FDSL expenditures, as discussed within *Expenditures by function / 2011 to 2021 / Federal transfer payments to individuals and subsidies* above, and \$24 billion in ESF expenditures in 2021, as discussed above under *2020 to 2021 / Federal education expenditures*.

State and local education expenditures

The \$288 billion increase in state and local education expenditures was driven primarily by \$221 billion or 38% higher costs of elementary and secondary education, reflecting:

- a 23% increase in salaries and wages, including 20% for instruction employees and 29% for support employees; and
- a 49% increase in employee benefits, including 49% for instruction employees and 53% for support employees.

Within public elementary and secondary schools, the number of students enrolled decreased slightly, the number of teachers increased 4%, and the student/teacher ratio decreased 4%, from 16.0 to 15.4 students per teacher.

Federal wealth and savings expenditures

The \$709 billion increase in federal wealth and savings expenditures was driven primarily by a \$404 billion or 55% increase in Social Security expenditures and a \$211 billion or 43% increase in Medicare expenditures. The increases in Social Security and Medicare expenditures reflect increased benefits payments, as discussed within *Expenditures by function / 2011 to 2021 / Federal transfer payments to individuals and subsidies* above.

General government support and other

The costs of central government functions, including general property and records management, financial management, Congress, 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 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 2021 compared with fiscal years 2020, 2016, and 2011

(In billions, except percentages)	2021			2020			Changes ²					
	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	\$ 249	\$ 24	\$ 225	\$ 208	\$ 25	\$ 183	\$ 41	\$ (1)	\$ 42	20%	(4)%	23%
Other	132	132	—	73	73	—	59	59	—	81%	81%	—%
Total general government support and other	\$ 381	\$ 156	\$ 225	\$ 281	\$ 98	\$ 183	\$ 100	\$ 58	\$ 42	36%	59%	23%
As a percentage of total expenditures	4%	3%	7%	3%	2%	6%						
Estimated impact of inflation on segment expenditures							\$ 9	\$ 3	\$ 6	3%	3%	3%
Estimated impact of population growth on segment expenditures							—	—	—	—%	—%	—%

(In billions, except percentages)	2021			2016			Changes ²					
	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	\$ 249	\$ 24	\$ 225	\$ 162	\$ 16	\$ 146	\$ 87	\$ 8	\$ 79	54%	50%	54%
Other	132	132	—	(26)	(26)	—	158	158	—	(608)%	(608)%	—%
Total general government support and other	\$ 381	\$ 156	\$ 225	\$ 136	\$ (10)	\$ 146	\$ 245	\$ 166	\$ 79	180%	nm	54%
As a percentage of total expenditures	4%	3%	7%	2%	—%	5%						
Estimated impact of inflation on segment expenditures							\$ 16	\$ (1)	\$ 17	12%	12%	12%
Estimated impact of population growth on segment expenditures							4	—	4	3%	3%	3%

(In billions, except percentages)	2021			2011			Changes ²					
	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	\$ 249	\$ 24	\$ 225	\$ 174	\$ 20	\$ 154	\$ 75	\$ 4	\$ 71	43%	20%	46%
Other	132	132	—	(30)	(30)	—	162	162	—	(540)%	(540)%	—%
Total general government support and other	\$ 381	\$ 156	\$ 225	\$ 144	\$ (10)	\$ 154	\$ 237	\$ 166	\$ 71	165%	nm	46%
As a percentage of total expenditures	4%	3%	7%	3%	—%	7%						
Estimated impact of inflation on segment expenditures							\$ 28	\$ (2)	\$ 30	19%	19%	19%
Estimated impact of population growth on segment expenditures							9	(1)	10	7%	7%	7%

^{nm} An "nm" reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

¹ Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 26 – 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 in all periods due primarily to 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. All metrics in the tables that are adjusted for inflation use 2021 as the base year.

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.

Finally, many of the key metric changes that we label as representing progress or retreat from our objectives can be seen as representing the opposite, or somewhere in-between, depending on your own personal views. To allow readers to develop their own opinions on these topics and more, we provide the respective metric data below.

Justice and Domestic Tranquility

This 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 property crimes reported and arrests for all types of crime; persons incarcerated and those sentenced to prison for all types of crime; acres burned in wildland fires; workplace violations, non-fatal workplace injuries; and back wages recovered; numbers of children entering foster care; victimization rates of children ages 4 to 17; and the number of children in poverty; and
- ***regressed notably*** in: numbers of certain violent crimes reported; other structure fires and related civilian deaths and civilian deaths from highway vehicle fires and “other” fire incidents; highway fatalities, absolute and per highway crash, including those involving illegal levels of blood-alcohol content and speeding; the numbers and estimated costs of billion-dollar disasters; all types of consumer complaints; transportation fatalities; numbers of children exiting foster care; child victimization rates of children ages birth to one year old; child fatalities as a result of maltreatment for children of all ages except one to three years old; and numbers of children whose form of nighttime residence is hotels/motels.

The results for this decade comparison may not be indicative of current trends generally, as the COVID-19 pandemic had a significant impact on certain 2021 results. In addition, shorter-term trends may differ, and trends may have changed after the latest period presented here.

Crime and disaster

The crime and disaster reporting unit seeks to reduce crime, administer justice, and mitigate and prevent disasters.

Crime

Calendar year (In thousands, except percentages, rates, or otherwise noted)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Crimes reported:¹							
Property crimes ²	6,084	6,471	7,973	9,074	(6)%	(24)%	(33)%
<i>Property crimes per 100,000 people</i>	<i>1,832</i>	<i>1,958</i>	<i>2,452</i>	<i>2,905</i>	<i>(6)%</i>	<i>(25)%</i>	<i>(37)%</i>
Violent crimes ³	1,254	1,269	1,260	1,213	(1)%	—%	3%
<i>Violent crimes per 100,000 people</i>	<i>387</i>	<i>399</i>	<i>398</i>	<i>387</i>	<i>(3)%</i>	<i>(3)%</i>	<i>—%</i>
Murder/non-negligent manslaughter (MNM)	23	22	17	15	5%	35%	53%
<i>MNMs per 100,000 people</i>	<i>7</i>	<i>7</i>	<i>5</i>	<i>5</i>	<i>—%</i>	<i>40%</i>	<i>40%</i>
Arrests by crime:	5,081	6,721	8,958	10,244	(24)%	(43)%	(50)%
Drug abuse violations	665	939	1,253	1,203	(29)%	(47)%	(45)%
<i>Drug abuse violations arrests per 100,000 people</i>	<i>200</i>	<i>283</i>	<i>388</i>	<i>386</i>	<i>(29)%</i>	<i>(48)%</i>	<i>(48)%</i>
Sale/manufacturing	85	131	193	219	(35)%	(56)%	(61)%
Possession	580	808	1,060	984	(28)%	(45)%	(41)%
Property crimes ²	505	791	1,149	1,362	(36)%	(56)%	(63)%
<i>Property crimes arrests rate (of crimes reported)</i>	<i>8%</i>	<i>12%</i>	<i>14%</i>	<i>15%</i>	<i>(4)ppt</i>	<i>(6)ppt</i>	<i>(7)ppt</i>
Driving under the influence (DUI) of alcohol / narcotics	542	647	861	1,076	(16)%	(37)%	(50)%
<i>DUI arrests per 1,000 miles driven</i>	<i>168</i>	<i>223</i>	<i>271</i>	<i>365</i>	<i>(25)%</i>	<i>(38)%</i>	<i>(54)%</i>
Violent crimes ³	261	428	430	436	(39)%	(39)%	(40)%
<i>Violent crimes arrests rate (of crimes reported)</i>	<i>21%</i>	<i>34%</i>	<i>34%</i>	<i>36%</i>	<i>(13)ppt</i>	<i>(13)ppt</i>	<i>(15)ppt</i>
Other	3,108	3,916	5,265	6,167	(21)%	(41)%	(50)%

¹ 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 2021, 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.

² Crimes reported by local law enforcement to the Federal Bureau of Investigation

³ 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 have 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 in property crimes were seen across most crime sub-categories and major regions (Northeast, Midwest, South, West).

Violent crimes have fluctuated but ultimately increased over the past decade, though they were flat when adjusting for population increases. Reported violent crimes increased in every major region, except for the Northeast. Reports dropped for robberies across the regions, but increases in aggravated assaults, murder and non-negligent manslaughter, and rape more than offset these decreases.

When comparing 2011 to 2021, the crimes with the largest rates of increase were rape (up 57 thousand or 67%), murder and non-negligent manslaughter (up 8 thousand or 54%) and aggravated assault (up 151 thousand or 20%). Underlying these overall crime trends are some demographical points to note:

- *By major region* - the change in violent crimes from 2011 to 2021 ranged from an increase of 26% in the West (to a rate of 443 violent crimes reported per 100,000 people) to a decrease of 24% in the Northeast (to a rate of 260 violent crimes reported per 100,000 people).
- *By state/territory* - the change in violent crimes from 2011 to 2021 ranged from decreases of 37% in Colorado and New Jersey (to a rate of 169 and 184 violent crimes reported per 100,000 people, respectively) to an increase of 95% in Montana (to a rate of 470 violent crimes reported per 100,000 people).
- *By type* - aggravated assaults accounted for 72% of violent crimes reported to law enforcement in 2021 (up 10 percentage points from 2011), while robbery offenses accounted for 17% (down 12 percentage points), rape accounted for 9% (up 2 percentage points), and murder and non-negligent manslaughter accounted for 2% (up 1 percentage point).

Arrests

Numbers of arrests and rates thereof for all types of crimes were down significantly in 2021 when compared to all other periods presented here. The COVID-19 pandemic peaked in 2020, which may have impacted arrest policies, procedures, and data collection activities. Additionally, stay-at-home orders likely impacted the volume and type of law-violating behavior that came to the attention of law enforcement while in effect. Arrests for property crimes followed similar trends as crimes reported, with property crime arrests decreasing for all comparative periods. Arrests for violent crimes decreased over the past decade. The crime with the largest decrease in number of arrests for the decade was theft (down 680 thousand or 64%), and the crime with the largest arrest rate decrease for the decade was curfew and loitering law violations (down 56 thousand or 90%).

Underlying the overall arrests trends are demographical points to note:

- youth (under age 18) are more often arrested for property crimes (13% of their arrests in 2021) than violent crimes (7% of their arrests in 2021) and are comprising a disproportionately smaller percentage of all arrests over time (a 6-percentage point decline overall between 2011 and 2021 – compared to a 2% decrease in the percentage of the total population they represent between 2011 and 2021); and
- Black people have been arrested at a rate (28% of total arrests in 2021) that is significantly higher than the rate they comprise of the US population (14% in 2021) throughout the periods discussed in this report. In 2021, 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)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Incarcerated population:¹	1,775	1,697	2,165	2,253	5%	(18)%	(21)%
Persons in jail (last weekday in June) ²	636	549	741	736	16%	(14)%	(13)%
Persons in federal and state prisons ³	1,204	1,221	1,508	1,599	(1)%	(20)%	(25)%
Youth in jail (actuals, last weekday in June)	2,000	2,300	3,900	5,900	(13)%	(49)%	(66)%
Youth in state prisons (actuals)	271	338	956	1,790	(20)%	(72)%	(85)%
Sentenced prisoners by crime committed:							
Violent crimes	653	662	724	725	(1)%	(10)%	(10)%
Property crimes	138	147	237	256	(6)%	(42)%	(46)%
Drug crimes	193	198	272	325	(2)%	(29)%	(41)%
Public order and other ⁴	173	168	219	209	3%	(21)%	(17)%

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² Prisoners held in local jails were excluded from the total to prevent double counting.

³ 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.

⁴ 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.

⁵ 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 population increased overall in 2021 when compared to 2020, reflecting an increase in those jailed, offset in part by a decrease in those imprisoned. When compared to all other periods presented here, overall, jailed, and imprisoned populations all decreased in 2021. The US Department of Justice's survey to measure the impact of COVID-19 on US prisons from the end of February 2020 to the end of February 2021 found that, "twenty-four states released a total of 37,700 persons from prison on an expedited basis (earlier than scheduled) during the COVID-19 study period."⁶⁰ Additionally, according to the US Department of Justice, "the two incarcerated populations diverged in 2021, with the number of persons held in local

jails increasing by 16% from 2020, while the number of persons in prison decreased 1%. Both populations decreased from 2019 to 2020 due to the COVID-19 pandemic.”⁶¹ Racial and other dynamics of note:

- Black (non-Hispanic) people are disproportionately jailed and imprisoned, comprising 35% of those jailed and 39% of those imprisoned in 2021 as compared to 14% of the US population. However, the percentages of the jailed and imprisoned populations they comprise are decreasing; there was a decrease of 3 percentage points each between 2011 and 2021, despite no change in the percentage of the US population they represented during this period.
- the opposite is true for white (non-Hispanic) people, who represent a disproportionately small but generally increasing percentage of those incarcerated - 49% of those jailed and 39% of those imprisoned in 2021, while comprising 59% of the US population. The percentage of those jailed who are white increased 4 percentage points between 2011 and 2021, while the percentage of those imprisoned who are white decreased 3 percentage points. Meanwhile, white people decreased as a percentage of the US population (a 4-percentage point decrease between 2011 and 2021).
- Hispanic people comprised 14% of those jailed and 18% of those imprisoned in 2021 and 19% of the US population. The percentage of those jailed who are Hispanic decreased 1 percentage point between 2011 and 2021, while the percentage of those imprisoned who are Hispanic increased 5 percentage points.
- the types of offenses for which people are imprisoned all decreased over the past decade, with imprisonment for property crimes and drug crimes showing the largest decreases, down 46% and 41%, respectively, for the decade.
- numbers of incarcerated youth are decreasing, with youth in jail down 66% and youth in state prisons down 85% for the decade.

Fire (non-natural disaster)

Calendar year	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Fire incidents (in thousands, except rates and percentages) :	1,354	1,389	1,342	1,390	(3)%	1%	(3)%
Home structure fires ¹	338	357	352	370	(5)%	(4)%	(9)%
<i>Home structure fires per 100,000 housing units</i>	<i>238</i>	<i>254</i>	<i>260</i>	<i>280</i>	<i>(6)%</i>	<i>(8)%</i>	<i>(15)%</i>
Other structure fires ²	149	134	124	115	11%	20%	30%
Highway vehicle fires ³	174	173	173	188	1%	1%	(7)%
<i>Highway vehicle fires per 1 billion miles driven</i>	<i>54</i>	<i>60</i>	<i>54</i>	<i>64</i>	<i>(10)%</i>	<i>—%</i>	<i>(16)%</i>
Other fires ⁴	693	725	693	717	(4)%	—%	(3)%
Civilian deaths from fire incidents:	3,800	3,500	3,390	3,005	9%	12%	26%
Home structure fire civilian deaths ¹	2,840	2,580	2,735	2,520	10%	4%	13%
<i>Rate of deaths per home structure fire</i>	<i>0.8%</i>	<i>0.7%</i>	<i>0.8%</i>	<i>0.7%</i>	<i>0.1ppt</i>	<i>—ppt</i>	<i>0.1ppt</i>
Other structure fire civilian deaths ²	170	150	215	120	13%	(21)%	42%
<i>Rate of deaths per other structure fire</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>—ppt</i>	<i>(0.1)ppt</i>	<i>—ppt</i>
Highway vehicle fire civilian deaths ³	650	580	280	270	12%	132%	141%
<i>Rate of deaths per highway vehicle fire</i>	<i>0.4%</i>	<i>0.3%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.1ppt</i>	<i>0.2ppt</i>	<i>0.3ppt</i>
Other fire civilian deaths ⁴	140	190	160	95	(26)%	(13)%	47%
<i>Rate of deaths per other fire</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>—ppt</i>	<i>—ppt</i>	<i>—ppt</i>

¹ 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 2021, 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 total number of fire incidents has fluctuated but ultimately decreased over the past decade, led by a 32 thousand or 9% decrease in home structure fires, a 14 thousand or 7% decrease in highway vehicle fires, and a 25 thousand or 3% decrease in other fires. Rates of fires per housing unit and mile driven decreased 15% and 16%, respectively, for the decade as well. However, other structure fires increased by 34 thousand or 30% for the decade. In 2021, the leading cause of fires was cooking for both residential and non-residential buildings, comprising 48% and 27% of those fires, respectively.

Civilian deaths from fire incidents

Civilian deaths from fire incidents increased from 2011 to 2021, led by a 380 person or 141% increase in deaths from highway vehicle fire incidents and a 45 person or 47% 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)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Billion-dollar disaster incidents ¹	20	22	15	18	(9)%	33%	11%
Billion-dollar disaster cost estimate ¹	\$ 141	\$ 100	\$ 46	\$ 68	41%	207%	107%
<i>Cost per billion-dollar disaster¹</i>	\$ 7	\$ 5	\$ 3	\$ 4	40%	133%	75%
Disaster deaths	724	262	138	764	176%	425%	(5)%
Billion-dollar disaster incidents							
Severe storm	11	13	8	10	(15)%	38%	10%
Severe storm cost	\$ 20	\$ 33	\$ 15	\$ 31	(39)%	33%	(35)%
<i>Cost per severe storm</i>	\$ 2	\$ 3	\$ 2	\$ 3	(33)%	—%	(33)%
Tropical cyclone	4	7	1	2	(43)%	300%	100%
Tropical cyclone cost	\$ 77	\$ 45	\$ 10	\$ 16	71%	670%	381%
<i>Cost per tropical cyclone</i>	\$ 19	\$ 6	\$ 10	\$ 8	217%	90%	138%
Flood	2	—	4	2	100%	(50)%	—%
Flood cost	\$ 2	\$ —	\$ 16	\$ 5	100%	(88)%	(60)%
<i>Cost per flood</i>	\$ 1	\$ —	\$ 4	\$ 3	100%	(75)%	(67)%
Drought	1	1	1	1	—%	—%	—%
Drought cost	\$ 8	\$ 5	\$ 3	\$ 12	60%	167%	(33)%
<i>Cost per drought</i>	\$ 8	\$ 5	\$ 3	\$ 12	60%	167%	(33)%
Wildfire	1	1	1	1	—%	—%	—%
Wildfire cost	\$ 10	\$ 17	\$ 2	\$ 2	(41)%	400%	400%
<i>Cost per wildfire</i>	\$ 10	\$ 17	\$ 2	\$ 2	(41)%	400%	400%
Winter storm	1	—	—	2	100%	100%	(50)%
Winter storm cost	\$ 23	\$ —	\$ —	\$ 2	100%	100%	nm
<i>Cost per winter storm</i>	\$ 23	\$ —	\$ —	\$ 1	100%	100%	nm
Wildland fires							
Acres burned in wildland fires (thousands)	7,126	10,122	5,510	8,711	(30)%	29%	(18)%
<i>Acres burned per wildland fire</i>	121	172	81	118	(30)%	49%	3%

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^{nm} An “nm” reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

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 time, with 2021 second for the most disasters in a calendar year, behind the record 22 separate billion-dollar events in 2020. The number of billion-dollar disaster incidents increased 11% in the past decade to 20 separate billion-dollar events in 2021. In addition, 2021 marks the seventh consecutive year (2015 through 2021) in which 11 or more separate billion-dollar disaster events have occurred. The most frequent type of billion-dollar disaster over the past decade was severe storm, followed by tropical cyclone and flood.

Disaster costs

Total estimated costs for billion-dollar disasters increased 107% over the past decade, with the most expensive disaster type per disaster for the decade being tropical cyclone followed by severe storm and drought. Per billion-dollar disaster, estimated costs increased 87% over the past decade. During the past decade, disasters have been particularly destructive and some historic, including: 2021 hurricane Ida (\$75 billion); the 2020 Atlantic hurricane season with an unprecedented 30 named storms, including hurricane Laura (\$23 billion); 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. Three of the top four costliest disaster years on record occurred within the last decade, 2017 (\$307 billion), 2021 (\$141 billion), and 2012 (\$116 billion).

Disaster deaths

Disaster deaths have fluctuated but decreased over the decade by 40 people or 5%. Winter storms are responsible for the highest number of deaths in 2021 (226 deaths), followed by droughts (134 deaths), and tropical cyclones (38 deaths). Deaths associated with droughts are primarily the result of heat waves.

Acres burned

Acres burned in wildland fires (all wildland fires, not just those declared disasters) decreased, while acres burned per wildland fire increased, over the past decade. Acres burned in wildland fires decreased by 1.6 million acres or 18% over the past decade, with human-caused fires decreasing 2.3 million acres or 44%, and lightning-caused fires increasing 0.7 million acres or 22%. The Northern California region had the largest number and percent increase in total acres burned at 1.9 million acres or 7,939%, while the Southern Area region had the largest number and percent decrease of total acres burned at 3.4 million acres or 86%.

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)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Consumer fraud complaints	2,923	2,365	1,229	1,042	24%	138%	181%
<i>Consumer fraud complaints per 100,000 people</i>	<i>880</i>	<i>713</i>	<i>380</i>	<i>334</i>	<i>23%</i>	<i>132%</i>	<i>163%</i>
<i>Median loss per fraud complaint</i>	<i>\$ 500</i>	<i>\$ 311</i>	<i>\$ 450</i>	<i>\$ 537</i>	<i>61%</i>	<i>11%</i>	<i>(7)%</i>
Identity theft complaints	1,435	1,389	398	279	3%	261%	414%
<i>Identity theft complaints per 100,000 people</i>	<i>432</i>	<i>419</i>	<i>123</i>	<i>90</i>	<i>3%</i>	<i>251%</i>	<i>380%</i>
Other consumer complaints ¹	1,634	1,318	1,436	578	24%	14%	183%
<i>Other consumer complaints per 100,000 people</i>	<i>492</i>	<i>398</i>	<i>444</i>	<i>186</i>	<i>24%</i>	<i>11%</i>	<i>165%</i>
Consumer financial protection (CFP) complaints ²	496	444	191	na	12%	159%	na
<i>CFP complaints per 100,000 people</i>	<i>149</i>	<i>134</i>	<i>59</i>	<i>na</i>	<i>11%</i>	<i>153%</i>	<i>na</i>
Consumer product safety injuries ³	12,171	11,556	13,348	12,854	5%	(9)%	(5)%

¹ 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 2021, 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 CFP 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 grew over the decade, driven primarily by increased fraud and identity theft 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 credit card.
- *Identity theft complaints* are also made by adults of all ages, with a plurality in 2021 (26%) in the 30-39-year-old age group, and most often comprise government documents or benefits fraud.
- *Other consumer complaints* made to the FTC have increased due primarily to credit bureaus, information furnishers, and report users complaints.
- *CFP complaints* have grown, driven primarily by increases in credit-related complaints, including credit reporting and debt collection.

Consumer fraud losses

The median loss per fraud complaint has fluctuated but decreased over the decade. In 2021, 75% of the reports resulted in no loss, while the group with the largest number of reported losses (24% of the reports) was the group with losses between \$1 and \$100. Nine 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 2021 was investment related at \$3,000 per fraud.

Consumer product safety injuries

Consumer product safety injuries have fluctuated but decreased 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 13%, and injuries related to home furnishings and fixtures increased 2%, when comparing 2021 to 2011, while injuries related to sports and recreational equipment decreased 23% over this same period.

Transportation safety

Calendar year (In thousands, except percentages, rates, or otherwise noted)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Transportation crashes	6,126	5,273	6,847	5,363	16%	(11)%	14%
Highway crashes	6,103	5,251	6,821	5,338	16%	(11)%	14%
<i>Highway crashes per 100 million miles driven</i>	<i>189</i>	<i>181</i>	<i>215</i>	<i>181</i>	<i>4%</i>	<i>(12)%</i>	<i>4%</i>
Transportation fatalities (actuals)	44,959	41,041	39,753	34,568	10%	13%	30%
Highway fatalities	42,939	39,007	37,806	32,479	10%	14%	32%
<i>Highway fatalities per 100,000 highway crashes</i>	<i>704</i>	<i>743</i>	<i>554</i>	<i>608</i>	<i>(5)%</i>	<i>27%</i>	<i>16%</i>

[†] 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 2021, 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 2021) and transportation fatalities (96% of them in 2021) are highway crashes and fatalities.

Highway crashes and highway crashes per mile driven increased from 2011 to 2021 by 14% and 4%, respectively. Highway fatalities and highway fatalities per highway crash increased over the decade by 32% and 16%, respectively. Approximately a third of highway fatalities (31% or 13,384 in 2021) 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 29% or 12,330 fatalities were speeding-related crashes. Fatalities from illegal-level BAC highway crashes and speeding-related crashes have both increased over the decade, by 36% and 23%, respectively. Since 2011, distraction-affected fatalities have also increased, by 6% to 3,522. Of drivers involved in fatal vehicle (passenger cars and light trucks) crashes in 2021 with known restraint use, more than half (51%) who were speeding were also unrestrained at the time of the crashes, compared to 23% unrestrained for non-speeding drivers.

Safeguarding employees

Calendar year, except as otherwise noted (In thousands, except percentages, rates, or otherwise noted)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Workplace violations (actual) ¹	4,547	33,567	51,310	63,651	(86)%	(91)%	(93)%
<i>Workplace violations per 100,000 employees</i>	<i>3</i>	<i>23</i>	<i>34</i>	<i>46</i>	<i>(87)%</i>	<i>(91)%</i>	<i>(93)%</i>
Non-fatal workplace injuries	3,251	3,229	3,535	3,858	1%	(8)%	(16)%
<i>Non-fatal injuries per 100,000 employees</i>	<i>2,131</i>	<i>2,185</i>	<i>2,334</i>	<i>2,758</i>	<i>(2)%</i>	<i>(9)%</i>	<i>(23)%</i>
Fatal workplace injuries (actual)	5,190	4,764	5,190	4,693	9%	—%	11%
<i>Rate of fatality of workplace injuries</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1ppt</i>	<i>0.1ppt</i>	<i>0.1ppt</i>
Back wages recovered (fiscal year)	\$ 234,281	\$ 257,830	\$ 266,566	\$ 224,845	(9)%	(12)%	4%
<i>Back wages recovered per injury</i>	<i>\$ 72</i>	<i>\$ 80</i>	<i>\$ 75</i>	<i>\$ 58</i>	<i>(10)%</i>	<i>(4)%</i>	<i>24%</i>

[†] 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 2021, 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 93% and 16%, respectively, over the past decade, while fatal workplace injuries increased 11%. As a rate per workplace injury, fatal injuries have generally been steady over the decade but increased slightly in 2021. Back wages recovered, in total and per injury, have fluctuated but ultimately increased for the decade.

Fatal workplace injuries disproportionately take the lives of men (91% of the incidents in 2021). In 2021, 91% of fatal workplace injuries occurred in private industry, with the balance occurring in government. By event or exposure, in 2021, 38% were transportation incidents, 16% from falls, slips, or trips, 15% from violence and other injuries by persons or animals, 15% from exposure to harmful substances and environments, 14% from contact with an object or equipment, and 1% from

fires and explosions. 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

	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Children in single parent households (in thousands, calendar year)	19,538	18,580	20,229	20,234	5%	(3)%	(3)%
<i>Children in single parent households per 10,000 children</i>	<i>2,683</i>	<i>2,531</i>	<i>2,745</i>	<i>2,737</i>	<i>6%</i>	<i>(2)%</i>	<i>(2)%</i>
Children in foster care (fiscal year)	391,098	407,493	437,465	400,540	(4)%	(11)%	(2)%
<i>Children in foster care per 10,000 children</i>	<i>54</i>	<i>56</i>	<i>59</i>	<i>54</i>	<i>(4)%</i>	<i>(8)%</i>	<i>—%</i>
Percentage of foster children fostered by relatives	35%	34%	32%	27%	1ppt	3ppt	8ppt
Children entering foster care	206,812	216,838	273,539	252,320	(5)%	(24)%	(18)%
Children exiting foster care	214,971	224,396	250,248	245,260	(4)%	(14)%	(12)%
Median months in foster care	15	15	13	14	—%	15%	7%
Percentage of foster children reunited with parents	47%	48%	51%	52%	(1)ppt	(4)ppt	(5)ppt
Percentage of foster children discharged to live with other relatives	6%	6%	7%	8%	—ppt	(1)ppt	(2)ppt
Children adopted from foster care ¹	54,240	57,881	57,208	50,516	(6)%	(5)%	7%
<i>Rate of children adopted from foster care (as a percentage of children in foster homes)²</i>	<i>14%</i>	<i>14%</i>	<i>13%</i>	<i>13%</i>	<i>—ppt</i>	<i>1ppt</i>	<i>1ppt</i>

¹ 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 2021, 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.

² Adoptions are those with Public Child Welfare Agency involvement.

Children in single parent households

The numbers of children in single parent households and the rates thereof, decreased 3% and 2%, respectively, over the decade. In 2021, 26% of children under 18 were in single parent households. Of single-parent households, 81% were headed by single mothers, while 19% were headed by single fathers, compared to 87% and 13%, respectively in 2011. This represents a 6-percentage point or 44% shift upwards in the rate of single-parent households headed by fathers over the decade.

Children in foster care

The numbers of children in foster care decreased 2%, while their median stay increased 7% over the past decade. In 2021, the primary cause of children being in foster care was neglect, at 63% of cases, followed by drug abuse by a parent, at 36%. The ratio of male and female children in foster care has generally been consistent over the last decade. The only shift of the decade occurred from 2019 to 2020, with a 1-percentage point shift downward for male children to 51% male and 49% female. Other demographic details include:

- the median age of children exiting foster care decreased over the decade by 1.6 years to 7 years old;
- the percentage of children in foster care who are Black decreased 5 percentage points, while children of two or more races, white, and Hispanic children increased 3, 2, and 1 percentage points, respectively. Percentages for Asian and Native American or Pacific Islander children remained flat; and
- the race with the most children in foster care is white, at 43% of foster children in 2021.

The percentages of foster children reunited with their parents and the percentages of children discharged to live with other relatives declined, while the rates of children adopted with welfare agency involvement increased over the past decade.

Crimes against children

Fiscal year	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Child victims¹ (nearest thousand)	588,000	618,000	671,000	651,000	(5)%	(12)%	(10)%
<i>Victimization rate by age (per 1,000 children):</i>							
Birth-1	25.3	25.1	24.8	21.2	1%	2%	19%
1-3	9.9	10.5	11.3	12.0	(6)%	(12)%	(18)%
4-7	8.2	8.5	9.9	39.6	(4)%	(17)%	(79)%
8-11	6.9	7.1	7.9	30.8	(3)%	(13)%	(78)%
12-17	5.9	6.0	6.1	23.1	(2)%	(3)%	(74)%
Boys ³	48%	48%	49%	49%	—ppt	(1)ppt	(1)ppt
Girls ³	52%	52%	51%	51%	—ppt	1ppt	1ppt
White (non-Hispanic)	43%	43%	45%	45%	—ppt	(2)ppt	(2)ppt
Black (non-Hispanic)	21%	21%	21%	22%	—ppt	—ppt	(1)ppt
Hispanic	24%	24%	22%	21%	—ppt	2ppt	3ppt
Neglect ²	67%	65%	64%	62%	2ppt	3ppt	5ppt
Physical abuse ²	14%	14%	16%	14%	—ppt	(2)ppt	—ppt
Sexual abuse ²	9%	8%	7%	7%	1ppt	2ppt	2ppt
Child fatalities as a result of maltreatment	1,820	1,770	1,730	1,580	3%	5%	15%
<i>Fatality rate by age (per 100,000 children):</i>							
Birth-1	24.4	23.0	20.6	16.8	6%	18%	45%
1-3	5.1	5.0	5.4	5.7	2%	(6)%	(11)%
4-7	1.6	1.6	1.5	1.2	—%	7%	33%
8-11	0.8	0.7	0.7	0.4	14%	14%	100%
12-17	0.7	0.6	0.4	0.3	17%	75%	133%
Boys ³	59%	60%	59%	59%	(1)ppt	—ppt	—ppt
Girls ³	41%	40%	41%	41%	1ppt	—ppt	—ppt
White (non-Hispanic)	40%	39%	45%	41%	1ppt	(5)ppt	(1)ppt
Black (non-Hispanic)	33%	35%	29%	28%	(2)ppt	4ppt	5ppt
Hispanic	13%	15%	14%	18%	(2)ppt	(1)ppt	(5)ppt
Neglect ²	78%	74%	75%	71%	4ppt	3ppt	7ppt
Physical abuse ²	43%	43%	44%	48%	—ppt	(1)ppt	(5)ppt
Sexual abuse ²	1%	1%	1%	1%	—ppt	—ppt	—ppt

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² Victims of maltreatment are defined as children who experienced or who were at risk of experiencing abuse or neglect.

³ 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.

⁴ 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, Black children disproportionately suffer victimization and death from reported maltreatment, comprising 13% of the child population in 2021, while comprising 21% of child victims and 33% of child fatalities as a result of reported maltreatment.

Reported child victimization rates decreased over the past decade, overall and across most demographics, though victimization rates increased for:

- children ages birth to 1, increasing 19%;
- girls, increasing 1 percentage point;
- Hispanic children, increasing 3 percentage points; and
- victims of neglect and sexual abuse, increasing 5 and 2 percentage points, respectively.

Child fatalities as a result of reported maltreatment increased over the past decade. Increased fatality rates were seen in children of most age groups, except for children ages 1-3. By race and ethnicity, the percentage of child fatalities that were non-Hispanic white and Hispanic children decreased, while those that were Black children increased.

In 2021, parents represented 91% of the perpetrators of reported child victimization, while 15% were nonparents, and 3% were unknown (figures don't add to 100% due to multiple perpetrator situations). In 2011, parents represented 81% of the perpetrators, while 13% were nonparents, and 6% were unknown. In 2019, the categories for perpetrators of child victimization changed such that 2021 data may not be fully comparable to 2011 data. The purpose of the change was to be more descriptive about what the categories include and to reduce the number of relationships counted as unknown.

Child welfare

School year, except as otherwise noted	2021	2020	2016	2011	Change	Change	Change
					2021 vs. 2020	2021 vs. 2016	2021 vs. 2011
Children in poverty (in thousands, calendar year)	11,150	11,790	13,250	16,130	(5)%	(16)%	(31)%
<i>Rate of children in poverty</i>	<i>15%</i>	<i>16%</i>	<i>18%</i>	<i>22%</i>	<i>(1)ppt</i>	<i>(3)ppt</i>	<i>(7)ppt</i>
Percentage of children receiving free or reduced lunch at school	99%	76%	73%	66%	23ppt	26ppt	33ppt
Homeless children enrolled in school and known to our Government (in thousands) ¹	1,099	1,279	1,301	1,066	(14)%	(16)%	3%
<i>Homeless children enrolled in school and known to our Government per 10,000 children</i>	<i>151</i>	<i>174</i>	<i>177</i>	<i>144</i>	<i>(13)%</i>	<i>(15)%</i>	<i>5%</i>

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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 numbers of children in poverty have declined over the decade, including for eight consecutive years from 2014 to 2021 (except for 2020). The rate of children in poverty also declined sequentially over the decade (except for 2020).

Child poverty rates for all populations decreased when comparing 2021 to 2011. Child poverty rates vary widely by race and ethnicity. In 2021, the races and ethnicities with the highest rates of child poverty are the American Indian/Alaska Native population at 30% (ranging from 25% to 38% over the decade), followed by the non-Hispanic Black population at 27% (ranging from 27% to 39%), and the Hispanic population at 22% (ranging from 22% to 34%). White and Asian populations have lower rates of child poverty, with the non-Hispanic white population at 9% in 2021 (ranging from 9% to 13% over the decade), and the Asian population at 9% (ranging from 8% to 14%).

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 generally. Any child at a participating school

may purchase a meal through the National School Lunch Program (NSLP). Children from families with incomes at or below 130% of the federal poverty level (FPL) are eligible for free meals. Those with incomes between 130% and 185% of the FPL (for calendar year 2021, 130% of poverty level is \$34,450 for a family of four; 185% is \$49,025) are eligible for reduced-price lunch, for which students can be charged no more than 40 cents. Prior to 2021, 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. The increase in the share of meals served free or at a reduced price in fiscal 2021 is attributable to a USDA pandemic waiver allowing for meals to be provided free of charge to all students, regardless of their household's income.⁶²

The onset of the COVID-19 pandemic in the second half of the federal fiscal year ended September 30, 2020 disrupted the provision of meals through the program by forcing schools to limit their operations. In response to these disruptions, the USDA issued waivers allowing for flexibilities in the implementation of the NSLP and created the Pandemic Electronic Benefit Transfer (P-EBT) program to reimburse families with children eligible for free or reduced-price school meals for the value of school meals missed due to pandemic-related disruptions to in-person instruction at schools.⁶² Through P-EBT, eligible school children received temporary emergency nutrition benefits loaded on EBT cards that were used to purchase food. Children who would have received free or reduced-price meals under the *National School Lunch Act* if their schools were not closed or operating with reduced hours or attendance for at least 5 consecutive days were eligible to receive P-EBT benefits.⁶³ On March 11, 2021, President Biden signed the ARP, extending P-EBT to the summer of 2021.

Homeless children

Homeless children enrolled in school and known to our Government increased over the past decade. Most (77% in 2021) 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 11% of the homeless in 2021, was shelters and transitional housing (includes students awaiting foster care). The fastest growing form of nighttime residence over the decade was hotels/motels, growing 54% from 2010 (2011 data is not available) to 2021.

Common Defense

This segment 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, as well as on numbers of: active-duty military deaths from hostile/terrorist attacks and accidents; US civilian deaths overseas from nearly all causes; removal or return of unauthorized persons, including those with a prior criminal conviction; and valid passports in circulation; and
- ***regressed notably*** on numbers of: self-inflicted and undetermined or pending active-duty military deaths; US civilian deaths overseas from “other” causes; border apprehensions of illegal aliens; and airport firearm discoveries.

The results for this decade comparison may not be indicative of current trends generally, as the COVID-19 pandemic had a significant impact on certain 2021 results. In addition, shorter-term trends may differ, and trends may have changed after the latest period presented here.

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	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Total armed forces, excluding reserves (in thousands, fiscal year)	2,111	2,111	2,044	2,192	—%	3%	(4)%
Number of active-duty military stationed in (in thousands): ¹	1,336	1,334	1,289	1,425	—%	4%	(6)%
US	1,169	1,173	1,063	1,220	—%	10%	(4)%
Abroad	167	161	226	205	4%	(26)%	(19)%
Number of active-duty military deaths from:	1,009	1,017	811	1,450	(1)%	24%	(30)%
Hostile/terrorist	13	9	16	395	44%	(19)%	(97)%
Accidents	310	317	278	428	(2)%	12%	(28)%
Self-inflicted	335	406	304	299	(17)%	10%	12%
Illness	235	190	173	252	24%	36%	(7)%
Homicide	31	37	28	40	(16)%	11%	(23)%
Undetermined or pending	85	58	12	36	47%	608%	136%
Number of US civilian deaths overseas by cause:	484	400	847	824	21%	(43)%	(41)%
Vehicle accident	123	101	228	222	22%	(46)%	(45)%
Homicide	104	78	145	200	33%	(28)%	(48)%
Suicide	78	37	141	129	111%	(45)%	(40)%
Drowning	69	42	157	97	64%	(56)%	(29)%
Disaster	—	—	2	5	—%	(100)%	(100)%
Terrorist, hostage, and execution	2	1	15	17	100%	(87)%	(88)%
Other accident	77	87	125	136	(11)%	(38)%	(43)%
Other ²	31	54	34	18	(43)%	(9)%	72%

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¹ Details may not add to total. Totals and by location were taken from two separate data sources. In addition, numbers have been rounded.

² Other deaths include drug-related, deaths from armed conflicts and deaths from undetermined or unknown causes.

Armed forces

Both the overall numbers of armed forces (excluding reserve forces) and the number of active-duty military personnel decreased over the decade, 4% and 6%, respectively. The mix of station location changed when comparing 2021 to 2011; there was a decline in those stationed abroad, primarily in the “undistributed” geography (down 91%), mostly in the Army, followed by the Marine Corps. This decline was offset in part by increased numbers of active-duty military personnel stationed in East Asia and Pacific (up 52%) in all branches, with the largest increase in the Army, followed by the Air Force.

Active-duty military deaths

The numbers of active-duty military deaths decreased 30% compared to a decade ago, with most major causes decreasing, except for self-inflicted and undetermined or pending deaths. The overall decline in deaths has reversed in recent years, with increased deaths for the five-year comparative period presented here, in total and from all causes except hostile and terrorist attacks. When comparing 2021 to 2020, deaths were relatively flat, with deaths from half the causes increasing and half the causes decreasing.

US civilian deaths overseas

The numbers of deaths of US civilians overseas fluctuates from year to year but decreased 41% in 2021 compared to a decade ago, reflecting a decrease in nearly all major causes of death. The largest incident decrease for the decade was in vehicle accidents (down 99 instances or 45%), followed by homicide (down 96 instances or 48%), while the only increase was in other deaths (up 13 instances or 72%). In March of 2020, the US Federal Government began to discourage its residents from traveling overseas to slow down the rate of COVID-19 infections spread by returning residents. These restrictions began

to be relaxed in late June of 2020. The number of trips taken by US citizens to international destinations, by land and air, decreased 16% in 2021 as compared to 2011.⁶⁴

Support for veterans

Calendar year, except as otherwise noted (In thousands, except percentages or otherwise noted)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Number of veterans	16,502	na	18,497	21,458	na	(11)%	(23)%
Rates of veteran:							
Unemployment	4%	7%	4%	8%	(3)ppt	—ppt	(4)ppt
Poverty	7%	na	7%	7%	na	—ppt	—ppt
Disability	30%	na	29%	26%	na	1ppt	4ppt
Number of unique VA patients (fiscal year)	6,322	6,108	6,016	5,446	4%	5%	16%

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^{na} An "na" reference in the table means the data is not available. Due to the impact of the COVID-19 pandemic, the Census Bureau changed the 2020 ACS release schedule. Instead of providing the standard 1-year data products (typically used here), the Census Bureau released experimental estimates from the 1-year data but advised against using these estimates in comparison to prior years data. Click "Comparing 2021 ACS Data" to access the Census Bureau's guidance on this data.

The number of veterans decreased consistently between 2011 and 2021, while indicators of veteran well-being were mixed.

Veteran unemployment

The veteran unemployment rate had trended downward since 2011 and is down approximately 4 percentage points when comparing 2011 to 2021, but it more than doubled from 2019 to 2020, while overall unemployment exhibited similar behavior. According to the US Bureau of Labor and Statistics (BLS), the unemployment rate increased in 2020, surging to 13.0% in the second quarter of the year before easing to 6.7% in the fourth quarter. Per BLS "a decade-long economic expansion ended early in 2020, as the coronavirus disease (COVID-19) 2019 pandemic and efforts to contain it led businesses to suspend operations or close, resulting in a record number of temporary layoffs. The pandemic also prevented many people from looking for work."⁶⁵ As of 2021, 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 2021)* below.

Veteran poverty^{66,67,68}

The veteran poverty rate remained consistent over the decade, despite veteran unemployment declining and veteran compensation and pension payments increasing between 2011 and 2021. In 2021, the veteran poverty rate of 7.4% was less than the poverty rate of all persons of 11.6%. Demographically in 2021:

- by age, veterans ages 18-34 and 55-64 had the highest poverty rates at 9% each, while veterans ages 35-54 and 65 and over had the lowest rates at 7% each;
- veterans in poverty age 65 years and older had the highest rate of disability, at 48%, while veterans in poverty ages 18-34 had the lowest rate of disability at 23%;
- female veterans had a higher employment rate than male veterans, at 56% for females and 44% for males;
- for both male and female veterans, employment rates were highest at ages 35-54 and decreased as age increased thereafter; and
- the rate of veterans in poverty by state/district/territory ranged from 5% in each Maryland, Rhode Island and Vermont to 21% in Puerto Rico. The highest rates of veteran poverty were in:
 - Puerto Rico, at 21%, while the overall unemployment rate for the territory was 8%;
 - District of Columbia at 14%, while the overall unemployment rate for the state was 7%;
 - Louisiana at 13%, while the overall unemployment rate for the state was 6%; and
 - Nevada at 12%, while the overall unemployment rate for the state was 7%.

Veteran disability

The veteran disability rate increased 4 percentage points between 2011 and 2021. The most prevalent service-connected disabilities for which veterans were receiving disability compensation at the end of fiscal year 2021 were Tinnitus (the perception of noise or ringing in the ears - 8%), limitation of knee flexion (5%), hearing loss (4%), post-traumatic stress disorder (4%), lumbosacral or cervical strain (4%), and paralysis of the sciatic nerve (4%).

VA patients

While the overall veteran population declined for the periods presented here, the number of unique patients being treated at VA medical centers is increasing. According to the Government Accountability Office (GAO), this is due in part to service members 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, the Korean War, and Vietnam decreased 7, 6, and 1 percentage points, respectively, while the proportion of living veterans who served in the Gulf War increased 20 percentage points, between 2011 and 2021.

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)	2021	2020	2016	2011	Change	Change	Change
					2021 vs. 2020	2021 vs. 2016	2021 vs. 2011
Naturalizations (citizenship) ¹	814	628	753	694	30%	8%	17%
<i>Naturalizations as a percentage of attempts (total naturalizations and denials)</i>	<i>91%</i>	<i>89%</i>	<i>90%</i>	<i>92%</i>	<i>2ppt</i>	<i>1ppt</i>	<i>(2)ppt</i>
Green Cards (permanent residence) granted ²	740	707	1,184	1,062	5%	(37)%	(30)%
Visas granted	2,792	4,013	10,381	7,508	(30)%	(73)%	(63)%

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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 (INA).

² Foreign nationals granted lawful permanent residence

The number of employees working in citizenship and immigration services within the Department of Homeland Security (DHS) increased 70% 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 include that 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.

Naturalizations increased 17% in 2021 as compared to 2011, while naturalizations as a percentage of attempted naturalizations decreased two percentage points. In 2020, naturalizations decreased temporarily, by 26% in one year, due to the suspension of in-person naturalization services (from March 18 to June 4, 2020) during the COVID-19 pandemic, before rebounding in 2021. Throughout the periods presented in this report, most people who naturalized were:

- females, including 56% of those who naturalized in 2021;
- 21 years of age or older, including 98% in 2021;
- married, including 67% in 2021;

- working in an unknown occupation, including 78% of those naturalized in 2021; and
- born in Asia or North America, including 36% and 35%, respectively, in 2021.

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 decreased 30% over the decade. According to an Annual Report from the Office of Immigration Statistics, this is largely due to the COVID-19 pandemic, as processing flows were not representative of typical trends. “Travel restrictions and processing slowdowns generally resulted in fewer inflows, while foreign-born residents within the United States also confronted immigration status-specific COVID-19 vulnerabilities. Notably, due to inflow limitations, in 2021 lawful permanent resident employment-based preference limits exceeded family based preference limits for the first time since implementation of modern limits in 1992.”⁶⁹ Throughout the periods presented in this report, most people who were granted Green Cards were:

- females, including 55% of those granted Green Cards in 2021;
- 21 years of age or older, including 82% in 2021;
- married, including 67% in 2021;
- either immediate family members (52% in 2021) or otherwise related (9% in 2021) to US citizens; and
- born in Asia or North America, including 40% and 32%, respectively, in 2021.

The categories of Green Card recipients with the largest numerical and percentage declines respectively, between 2011 and 2021, were refugees, with a decline of 77,198 people or 215%, and certain parolees, declining 1,134 people or 8,723%. The category with both the largest numerical and percentage growth between 2011 and 2021 was priority workers, with growth of 36,200 people or 59%.

Visas

The numbers of visas granted decreased over the past decade and in 2020 saw the largest one-year drop in 25 years (the earliest year for which we have records) as offices were instructed to suspend routine visa services and provide only mission critical and emergency services in late March 2020 due to the COVID-19 pandemic. Limited services resumed on an office-by-office basis beginning in July of 2020, as local conditions allowed, though the number of visa granted in 2021 continued to decline.

Most visas are granted to temporary visitors for business or pleasure, including 48% of visas granted in 2021. The next largest category of visa recipients are temporary workers and their families, at 21% in 2021, followed by students and their families and exchange visitors and their families, 14% and 5%, respectively, in 2021. The category of visa recipients with the largest numerical growth between 2011 and 2021 was temporary workers and their families, with growth of 67 thousand people or 13%, and the category of recipients with the largest numerical decline was temporary visitors for business or pleasure, with a decline of 4.3 million people or 76%.

Unauthorized entry to the US

Fiscal year (In thousands, except percentages, rates, or otherwise noted)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 202 vs. 2016	Change 2021 vs. 2011
Border apprehensions and expulsions of illegal aliens ¹	1,662	405	416	340	310%	300%	389%
<i>Rate of apprehensions and expulsions per attempted crossing (apprehensions and expulsions plus estimated undocumented population)</i>	<i>na</i>	<i>na</i>	<i>3%</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>
Persons removed or returned ²	267	405	439	712	(34)%	(39)%	(63)%
<i>Rate of those removed or returned per estimated undocumented person in the population</i>	<i>na</i>	<i>na</i>	<i>4%</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>
Persons removed with a prior criminal conviction ³	63	119	117	188	(47)%	(46)%	(66)%
<i>Rate of those removed that had a prior criminal conviction</i>	<i>24%</i>	<i>29%</i>	<i>27%</i>	<i>26%</i>	<i>(6)ppt</i>	<i>(3)ppt</i>	<i>(3)ppt</i>

¹ 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 2021, 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 Beginning in March FY20, USBP Encounters statistics include both Title 8 Apprehensions and Title 42 Expulsions implemented in connection with COVID-19. To learn more, visit: [Title-8-and-Title-42-Statistics](#).

² 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.

³ 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 and in immigration and customs enforcement, within the DHS, increased 8% and 3%, respectively, over the past decade, while the number of border agents decreased 9% nationwide over the past decade.

Border apprehensions and expulsions

Border apprehensions and expulsions increased over the past decade by 389%, ending 2021 at 1.7 million, an all time high since the metric has been tracked (since 1925). Nearly all border apprehensions occur at the southwest border of the US, and 37% of all illegal aliens apprehended in 2021 were from Mexico. Over the last decade, the number of illegal aliens apprehended from Mexico increased 113%, while the number of illegal aliens apprehended from other locations increased 1,848%.

Persons removed or returned

The number of persons removed or returned decreased 63% over the past decade. Of those removed in 2021: 61% were Mexican nationals, of whom 74% had a prior criminal conviction; 9% were Guatemalan nationals, of whom 57% had a prior criminal conviction; and 6% were Honduran nationals, of whom 63% had a prior criminal conviction. Of those returned in 2021, 55% were from Asia, including 21% from the Philippines and 12% from China, and 29% were from North America, including 20% from Mexico and 7% from Canada.

PART II
Item 7

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	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%

¹ 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 (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 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 increased in the periods for which we have data, 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)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Intellectual property seizures ¹	27	27	32	25	2%	(14)%	9%
<i>Intellectual property seizures per 100 border agents</i>	<i>138</i>	<i>137</i>	<i>161</i>	<i>117</i>	<i>1%</i>	<i>(14)%</i>	<i>18%</i>
Drugs seized at the border coming into the US (kgs)	284	376	869	na	(25)%	(67)%	na
Airport firearm discoveries (actual, calendar year)	5,972	3,257	3,391	1,320	83%	76%	352%

¹ 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 2021, 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 increased 9% over the decade, and the average border agent is seizing more goods, though these figures have trended down in recent years. There have been changes in the sources and nature of the goods seized:

- *Economy of origin* – Mainland China and Hong Kong were consistently the top two sources of goods seized during the periods presented, while many of the other originators have changed; eight of the top 10 originators in 2011 were not among the top 10 in 2021. In 2021 and 2011, the value of seized goods originating in Mainland China represented 57% and 62%, respectively, of the value of all seized goods, while the value of those originating in Hong Kong represented 18% of the value of all seized goods in both years.
- *Commodities seized* – In 2021, the aggregate Manufacturer's Suggested Retail Price (MSRP) of intellectual property seizures was \$3.3 billion, compared to \$0.2 billion in 2011. The top commodities (those comprising 6% or more of aggregate MSRP) seized in 2021 were watches/jewelry (36% of aggregate MSRP), handbags/wallets (29%), wearing apparel/accessories (15%), and pharmaceuticals/personal care (6%). In 2011, the top commodities seized were consumer electronics (22% of aggregate MSRP), footwear (14%), pharmaceuticals (9%), optical media (9%), and wearing apparel (8%).

The Increase in the MSRP of seizures of the top commodities over the past decade was nearly two-fold the increase in paid consumption of these goods. Paid consumption of audio-video, photographic, and information processing equipment and media; pharmaceuticals and personal care; and clothing and footwear increased 89%, 58%, and 42%, 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 each year since 2014 (except for 2020) reflecting decreased seizures of marijuana, offset in part by increased seizures of nearly all other categories of drugs reported, primarily cocaine and methamphetamine, but also fentanyl. In 2021, year-over-year drug seizures decreased 25% compared to 2020, driven by an 82% decrease in marijuana seizures, offset in part by increases in seizures of nearly all other categories of drugs reported. Marijuana seizures began to decline in 2014 and have declined 75% since then. Recreational use of marijuana was legalized in Colorado and Washington states in 2012. Sixteen additional states and the District of Columbia legalized recreational use of marijuana starting between 2014 and 2021. Marijuana seizures represented 51% of overall drug seizures in 2021.

Airport firearm discoveries

Firearm discoveries at Transportation Security Administration (TSA) airport checkpoints have consistently increased each year (except 2020), and are up 352% for the decade. In 2020, firearm discoveries temporarily declined by 1,175 or 27% from 2019, largely due to disruptions in global travel from the COVID-19 pandemic. In 2021, TSA screened approximately 585

million passengers through its airport security checkpoints, an increase of 81% from approximately 324 million passengers screened in 2020. Firearm discoveries per million passengers screened remained unchanged at 10 in both 2020 and 2021. Discoveries were made at 268 airports during 2021, with the greatest numbers discovered at Hartsfield-Jackson Atlanta International Airport and Dallas/Fort Worth International Airport at 507 and 317 discoveries, respectively. Of the overall number of firearms discovered in 2021, 86% 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	2021	2020	2016	2011	Change	Change	Change
					2021 vs. 2020	2021 vs. 2016	2021 vs. 2011
Number of valid passports in circulation (in thousands)	145,028	143,117	131,841	109,780	1%	10%	32%
Foreign aid obligations by type (in millions):							
Governance	\$ 11,083	\$ 17,428	\$ 18,202	\$ 26,075	(36)%	(39)%	(57)%
Health and population	\$ 16,181	\$ 13,474	\$ 12,051	\$ 7,720	20%	34%	110%
Humanitarian	\$ 13,873	\$ 10,014	\$ 6,866	\$ 4,450	39%	102%	212%
Infrastructure	\$ 804	\$ 272	\$ 1,488	\$ 1,609	196%	(46)%	(50)%
Other	\$ 10,677	\$ 10,948	\$ 11,077	\$ 9,274	(2)%	(4)%	15%

[†] 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 2021, 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 valid passports in circulation increased over the decade, outpacing the rate of population growth. In 2020, the number of passports in circulation decreased from 2019, marking the first year-over-year decrease since 1989 (as far back as we have records) before rebounding in 2021. The number of passports issued in 2021 increased from 2020 levels, by 32% from 11,712 thousand to 15,497 thousand. Passports are mainly being used for travel to Mexico. In 2021, 59% of US citizens' outbound international travel was to Mexico, increasing by 25 percentage points from 2011.⁶⁴

Aid by category

Foreign aid has fluctuated over the past decade, with a shift towards humanitarian and health and population aid and away from infrastructure and governance aid. Growth in humanitarian and health and population aid outpaced inflation, while infrastructure aid has been significantly reduced. According to the Congressional Research Service (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 US military presence in that country declined... In Iraq alone, more than \$10 billion went to economic infrastructure. Economic infrastructure is now also supported by US 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."⁷⁰

Aid by country

Israel received the most aid in 2021 at \$3.3 billion, followed by Jordan at \$1.6 billion, Egypt at \$1.5 billion, and Afghanistan and Ethiopia at \$1.4 billion each. According to the 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 FY2021, Israel, Jordan, Egypt, Afghanistan and Ethiopia received the largest amounts of US 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 the neighboring Syria continues."⁷⁰ "Ethiopia's stability and development have been priorities for U.S. engagement, given its size, susceptibility to food insecurity, and position in a volatile but strategic region."⁷¹

Aid to Israel has been relatively steady over the past 40 years, exceeding \$2 billion in 1981 and remaining between \$2 billion and \$4 billion annually since. Through 2021, according to the CRS, "Israel is the largest cumulative recipient of US 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 US 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 US 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 US support for Israel and its security; shared strategic goals in the Middle East; a mutual commitment to democratic values; and historical ties dating from US support for the creation of Israel in 1948. US foreign aid has been a major component in cementing and reinforcing these ties."⁷²

General Welfare

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: bankruptcy filings and bank failures; rates of poverty; median annual wage and workers at or below minimum wage; and hours of delay on passenger trains due to Amtrak and host railroad issues; rates of smoking; the percentage of Americans uninsured; and
- ***regressed notably*** in increased: net trade deficit; median price of new homes and median gross rent; rates of senior employment; certain Amtrak metrics, including numbers of Amtrak passengers, hours of Amtrak delays due to factors not related to the host railroad or Amtrak itself, and the age of railcar and trainset fleets; numbers of people in subsidized housing; total deaths and deaths from accidents, heroin poisoning and other synthetic narcotics, and firearms; rates of asthma, diabetes, and obesity; and spending on healthcare, including out-of-pocket costs.

The results for this decade comparison may not be indicative of current trends generally, as the COVID-19 pandemic had a significant impact on certain 2021 results. In addition, shorter-term trends may differ, and trends may have changed after the latest period presented here.

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)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Investment							
S&P 500 (end of December) (actual)	4,766	3,756	2,239	1,258	27%	113%	279%
<i>S&P 500 adjusted for inflation</i>	<i>4,766</i>	<i>3,932</i>	<i>2,528</i>	<i>1,515</i>	<i>21%</i>	<i>89%</i>	<i>214%</i>
Private fixed investment (in billions) ¹	\$ 4,205	\$ 3,786	\$ 3,239	\$ 2,286	11%	30%	84%
Residential	\$ 1,126	\$ 916	\$ 710	\$ 379	23%	59%	197%
Nonresidential	\$ 3,078	\$ 2,869	\$ 2,529	\$ 1,907	7%	22%	61%
<i>Private fixed investment per capita</i>	<i>\$ 12,664</i>	<i>\$ 11,420</i>	<i>\$ 10,026</i>	<i>\$ 7,337</i>	<i>11%</i>	<i>26%</i>	<i>73%</i>
<i>Private fixed investment adjusted for inflation</i>	<i>\$ 4,205</i>	<i>\$ 3,964</i>	<i>\$ 3,657</i>	<i>\$ 2,754</i>	<i>6%</i>	<i>15%</i>	<i>53%</i>
GDP (in billions)	\$ 23,594	\$ 21,323	\$ 18,805	\$ 15,600	11%	25%	51%
<i>GDP (in billions) adjusted for inflation (using GDP deflator)</i>	<i>\$ 23,594</i>	<i>\$ 22,325</i>	<i>\$ 21,231</i>	<i>\$ 18,792</i>	<i>6%</i>	<i>11%</i>	<i>26%</i>
<i>GDP per capita</i>	<i>\$ 71,056</i>	<i>\$ 64,318</i>	<i>\$ 58,207</i>	<i>\$ 50,067</i>	<i>10%</i>	<i>22%</i>	<i>42%</i>
Trade (in millions)							
Annual goods, services, and income trade by largest surplus (deficit) between the US and other countries:	\$ (831,445)	\$ (597,140)	\$ (396,216)	\$ (455,302)	39%	110%	83%
Mainland China	\$ (359,457)	\$ (305,986)	\$ (335,097)	\$ (319,099)	17%	7%	13%
Mexico	\$ (129,585)	\$ (129,603)	\$ (81,790)	\$ (72,974)	—%	58%	78%
Japan	\$ (97,771)	\$ (75,035)	\$ (78,251)	\$ (76,368)	30%	25%	28%
Germany	\$ (84,900)	\$ (66,908)	\$ (69,523)	\$ (62,396)	27%	22%	36%
Netherlands	\$ 98,820	\$ 89,981	\$ 94,516	\$ 83,225	10%	5%	19%
Singapore	\$ 50,407	\$ 33,107	\$ 39,313	\$ 32,755	52%	28%	54%
United Kingdom	\$ 21,801	\$ 50,455	\$ 51,322	\$ 9,068	(57)%	(58)%	140%
Other	\$ (330,760)	\$ (193,151)	\$ (16,706)	\$ (49,513)	71%	nm	568%

¹ 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 2021, 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 on Investment and GDP](#)" or "[More detail on Trade](#)" to access it.

^{nm} An "nm" reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.

¹ Private fixed investment 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. Private fixed investment 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 grew by 27% in 2021 (from the end of 2020) and ended 2021 at a record high. The index has grown in eight of the last 10 years and has nearly tripled since 2011.

Private fixed investment

Over the past decade, private fixed investment in residential investments increased 197%, while nonresidential investments increased 61%. Within residential, the largest dollar increase was in other structures, which increased \$330 billion or 134%, followed by single family residential structures, which increased \$316 billion or 292%. Other residential structures include manufactured homes, improvements, dormitories, net purchases of used structures, brokers' commissions on residential structures and adjoining land, and other ownership transfer costs. Within nonresidential, the largest increase was in intellectual property, which increased \$645 billion or 104%, followed by equipment, which increased \$307 billion or 35%, over the past decade.

GDP

GDP has grown over the past decade, even when adjusted for inflation and population. By industry, the largest increases were in finance, insurance, real estate, rental, and leasing (up \$1.9 trillion or 61%); professional and business services (up \$1.2 trillion or 63%); government (up \$672 billion or 31%); educational services, healthcare, and social assistance (up \$663 billion or 49%); retail trade (up \$662 billion or 76%); and information (up \$556 billion or 73%). The lowest growth was in agriculture, forestry, fishing, and hunting (up \$47 billion or 26%). Mining declined \$26 billion or 7%, the only decline in the major industry categories.

Trade

The US has an overall net trade deficit with other countries, comprising largely a deficit with Mainland China. Mainland China accounted for 43% of our overall net trade deficit in 2021, made up mostly of a deficit in the trading of goods. The country with whom we had the largest trade surplus in 2021 was the Netherlands. Most of that surplus comprised a surplus of income, meaning Americans earned more income in the Netherlands than the Dutch earned in the US.

Businesses

(In thousands, except percentages, rates, or otherwise noted)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Businesses (end of March)							
Establishments less than one year old	839	768	733	582	9%	14%	44%
Net change in establishments (number of openings less closings)	180	53	136	31	240%	32%	481%
Bankruptcy filings	435	613	806	1,467	(29)%	(46)%	(70)%
Business bankruptcy filings (fiscal year)	16	22	24	50	(28)%	(34)%	(68)%
<i>Business bankruptcy filings per 10,000 businesses</i>	<i>26</i>	<i>36</i>	<i>41</i>	<i>88</i>	<i>(28)%</i>	<i>(37)%</i>	<i>(70)%</i>
Non-business bankruptcy filings (fiscal year)	418	590	781	1,417	(29)%	(46)%	(70)%
<i>Non-business bankruptcy filings per 100,000 adults</i>	<i>161</i>	<i>229</i>	<i>313</i>	<i>596</i>	<i>(30)%</i>	<i>(49)%</i>	<i>(73)%</i>
Bank failures (calendar year)	—	4	5	92	(100)%	(100)%	(100)%
<i>Bank failures per 100,000 banks</i>	<i>—</i>	<i>80</i>	<i>85</i>	<i>1,251</i>	<i>(100)%</i>	<i>(100)%</i>	<i>(100)%</i>

[†] 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 2021, 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.

Businesses

Establishments less than one year old decreased in and around the Great Recession and have increased since. The net change in establishments has varied from year to year and increased in 2021 for all comparative periods of this report. For the decade, the education and health services industry had the largest increase in number of establishments and rate of increase, at 387 thousand or 53%, while the retail trade industry had the largest decrease in number of establishments at 63 thousand or 9%, and the wholesale trade industry had the largest rate decrease at 12% or 39 thousand. Every state in the nation saw increased establishments over the decade. The largest increase in number of overall establishments was in California at 292 thousand or 42%, while Utah had the largest rate increase at 54% or 27 thousand.

Bankruptcy filings

Bankruptcy filings have decreased over the past decade, both business and non-business, by numbers and rates thereof. Bank failures were the highest of the decade in 2011 at 92 and declined each year (except for 2017) until they reached zero in 2018, increased to 4 for each 2019 and 2020, then declined again to zero in 2021.

Housing

Calendar year (In thousands, except percentages, rates, or otherwise noted)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Homeownership rate (inverse is rental rate)	66%	67%	63%	66%	(1)ppt	3ppt	—ppt
Homeowners							
New home sales	771	821	561	305	(6)%	37%	153%
<i>New home sales per 100,000 adults</i>	297	318	225	128	(7)%	32%	132%
Median new home price	\$ 397	\$ 331	\$ 305	\$ 221	20%	30%	80%
<i>Median home price adjusted for inflation</i>	\$ 397	\$ 347	\$ 344	\$ 266	14%	15%	49%
Median new home size (sq ft)	2,356	2,333	2,466	2,295	1%	(4)%	3%
Median new home lot size (sq ft)	8,010	7,906	8,428	8,794	1%	(5)%	(9)%
Vacancy rates ¹	2%	2%	3%	5%	—ppt	(1)ppt	(3)ppt
Renters							
Median gross rent (actual)	\$ 1,191	1,096	\$ 981	\$ 871	9%	21%	37%
<i>Median gross rent adjusted for inflation</i>	\$ 1,191	1,147	\$ 1,108	\$ 1,049	4%	8%	14%
Vacancy rates ¹	6%	6%	7%	10%	—ppt	(1)ppt	(4)ppt

¹ 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 2021, 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.

² Vacancy rates are from the Current population survey (CPS)/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 decreased in all regions except for the Midwest when compared to a decade ago, while rates of renting a home did the opposite.

Homeowners

New home sales bottomed out in 2011 after a 76% decline from the peak amidst the Great Recession, and increased annually thereafter until they peaked in 2020 and then began to decline in 2021. In the past decade, unit sales of new homes increased across all major regions. The South saw the largest increase in unit sales (up 285 thousand or 170%), while the West saw the largest rate increase (up 172% or 124 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. In the past decade, the largest dollar and rate increase in median sales price was in the West at a \$254,400 or 99% increase.

The median size of new homes sold increased 3% over the past decade but fluctuated in recent years. When comparing 2021 to 2011, all major regions of the US (except for the South) saw increases in home sizes, while the median lot size of new homes sold decreased 9%, with decreases in all major regions.

Vacancy rates for homeowner units decreased 3 percentage points over the past decade. In 2021, the homeowner vacancy rate for 1 unit was 1%, while vacancy rates for 2 or more units and 5 or more units were each 3%.

Renters

Median gross rents increased compared to a decade ago. Median gross rent was \$1,191 in 2021, up 14% from 2011, after adjusting for inflation. From 2011 to 2021, the largest dollar and rate increase in median gross rent, after adjusting for inflation, was in the West (up \$291 or 24%). By State or territory, Colorado had the largest inflation-adjusted dollar and rate increase at \$407 or 45%, while one territory and one state decreased after inflation adjustments, Puerto Rico (down \$28 or 6%) and Wyoming (down \$25 or 3%).

Vacancy rates for rental units decreased 4 percentage points over the past decade. Among the groupings reported, for all years in the decade, 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)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Total working age employment ¹	142,454	137,977	142,520	133,223	3%	—%	7%
<i>Jobs per person in working age population (ages 16-64)²</i>	<i>0.67</i>	<i>0.65</i>	<i>0.68</i>	<i>0.65</i>	<i>3%</i>	<i>(1)%</i>	<i>3%</i>
Total senior employment ¹	10,127	9,818	8,916	6,647	3%	14%	52%
<i>Jobs per person in senior population (ages 65+)²</i>	<i>0.18</i>	<i>0.18</i>	<i>0.18</i>	<i>0.16</i>	<i>—%</i>	<i>—%</i>	<i>13%</i>
Median annual wage (actual)	\$ 45,760	\$ 41,950	\$ 37,040	\$ 34,460	9%	24%	33%
<i>Median annual wage adjusted for inflation</i>	<i>\$ 45,760</i>	<i>\$ 43,921</i>	<i>\$ 41,818</i>	<i>\$ 41,512</i>	<i>4%</i>	<i>9%</i>	<i>10%</i>
Workers at or below minimum wage	1,091	1,112	2,153	3,829	(2)%	(49)%	(72)%
<i>Workers at or below minimum wage per 1,000 hourly employees</i>	<i>14</i>	<i>15</i>	<i>27</i>	<i>52</i>	<i>(7)%</i>	<i>(48)%</i>	<i>(73)%</i>
Federal minimum wage per hour	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25	—%	—%	—%
<i>Federal minimum wage per hour adjusted for inflation</i>	<i>\$ 7.25</i>	<i>\$ 7.59</i>	<i>\$ 8.19</i>	<i>\$ 8.73</i>	<i>(4)%</i>	<i>(11)%</i>	<i>(17)%</i>

¹ 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 2021, 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.

² Total employment is from the CPS and represents average annual national non-farm employment.

² Total employment for each age group divided by the respective population of the US.

Jobs

Total working age employment increased each year of the decade except for 2020. When comparing 2021 to 2011, total working age employment increased 7%, while the working age population increased 3%, resulting in a 3% increase in jobs per working age person. Over this same period, total senior employment increased 52%, while the senior population increased 4%, resulting in a 13% increase in jobs per senior.

Demographically:

- *Gender* - the number of employed men and women increased at the same rate over the past decade (up 9% to 81 million workers and 72 million workers, respectively).
- *Race and ethnicity* - the number of employed Asian people increased at the greatest rate (up 46% to 10 million workers), followed by Hispanic people (up 35% to 27 million workers), and Black people (up 24% to 19 million), while the number of employed white people increased 3% (to 118 million workers).
- *Occupation* - the number of jobs that increased the most were in transportation and material moving, adding 4 million jobs, followed by business and financial operations, management, and healthcare support each adding upwards of 2 million jobs in a decade, while the number of jobs that decreased the most were in office and administrative support, losing 3 million jobs.

Wages

The median annual wage increased across all occupations over the decade and outpaced inflation by 10%. By job (not adjusted for inflation):

- the largest dollar increase in median annual wages was in computer and mathematical operations, increasing \$22,460 or 30% to \$97,540;
- the largest percentage increase was in farming, fishing, and forestry, increasing 53% or \$10,400 to \$29,860;
- the smallest dollar increase was in healthcare support, increasing \$4,740 or 19% to \$29,880; and
- the smallest percentage increase was in legal, increasing 9% or \$6,960 to \$82,430.

The occupation with the highest median annual wage is management, at \$102,450 in 2021. The occupation with the lowest median annual wage is cashiers, at \$27,280 in 2021.

The number of workers paid at or below minimum wage decreased 72% over the past decade, as opposed to growth in

In 2021, of the 267.8 million FIUs age 16 and older:

- 158.0 million FIUs or 59.0% of FIUs were employed (including the self-employed);
- 103.5 million FIUs or 38.6% were not participating in the workforce (neither employed nor actively looking for work); and
- 6.3 million FIUs or 2.4% were unemployed (not employed and had been actively looking for a job for the prior four weeks). The 3.8% 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 158.0 million FIUs that were employed in 2021, the non-elderly families without children had the highest employment rates. By family type:

- 39.9 million FIUs or 71% of the married without kids FIUs were employed;
- 43.5 million FIUs or 69% of the married parent FIUs were employed;
- 46.5 million FIUs or 72% of the single without kids FIUs were employed;
- 12.5 million FIUs or 58% of the single parent FIUs were employed; and
- 15.6 million FIUs or 25% of the elderly FIUs were employed.

By income cohort and disability status

Generally, the percentage of FIUs employed increases as we move up the income cohorts; the employment rate climbs from 6.3% in the lowest 5% income cohort until it reaches 74.8% in the second highest income cohort and then decreases to 69.4% in the top 1% cohort. Of the working age population that was employed in 2021, 4% had a disability.

Not participating (not working, not looking)

By family type

Of the 103.5 million FIUs that were not participating in the workforce in 2021, a plurality (46.2 million FIUs or 45%) were elderly (age 65 and older). The remainder was, by family type:

- 15.2 million married without kids FIUs (27.0% of their family type) or 15% of the FIUs aged 16 and older that were not participating;
- 18.1 million married parent FIUs (29% of their family type) or 17% of those not participating;
- 15.8 million single without kids FIUs (25% of their family type) or 15% of those not participating; and
- 8.1 million single parent FIUs (38% of their family type) or 8% 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 90.1% in the lowest 5% income cohort until it reaches 23.7% for the top 1% cohort. Of the working age population that was not participating in 2021, 24% had a disability.

Unemployed (not working, actively looking)

By family type

More than a third of the 6.3 million FIUs who were unemployed were single without kids, while the elderly comprised the fewest number of FIUs unemployed. By family type:

- 1.3 million FIUs or 20% of the FIUs aged 16 and older that were unemployed were married without kids;
- 1.2 million or 19% were married parents;

- 2.2 million or 35% were single without kids;
- 0.9 million or 15% were single parents; and
- 0.7 million or 11% 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) decreases from 3.6% for the lowest 5% income cohort until it reaches 1.4% for the top 1% cohort. Of the working age population that was unemployed in 2021, 8% had a disability.

Workweek

In 2021, the workweek averaged 38.5 hours for all FIUs. The number of hours in a workweek rises with incomes, ranging from zero for the bottom 5% income cohort to 67.8 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)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Percentage of roads in unsatisfactory condition by type (calendar year):							
Interstates ¹	na	3%	3%	3%	na	na	na
Other freeways and expressways	na	7%	7%	8%	na	na	na
Other principal arterials	na	13%	14%	13%	na	na	na
Minor arterials	na	16%	19%	17%	na	na	na
Major collectors	na	17%	19%	19%	na	na	na
Collectors	na	43%	45%	54%	na	na	na
Percentage of highway bridges in poor condition ²	7%	7%	8%	na	—ppt	(1)ppt	na
Hours of delay per year per urban highway commuter ³	na	27	52	45	na	na	na
Fuel wasted due to urban commuter delays (million gallons) ³	na	3.5	6.7	6.2	na	na	na
Passenger trains							
Number of Amtrak passengers (in millions)	12.1	16.8	31.3	30.2	(28)%	(61)%	(60)%
Amtrak hours of delay, due to:	59	73	90	86	(19)%	(34)%	(31)%
Host railroad issue (e.g. freight train interference)	34	42	49	49	(19)%	(31)%	(31)%
Amtrak issue (e.g. equipment failure, passenger handling, holding)	12	15	26	26	(20)%	(54)%	(54)%
Other (e.g. weather, customs and immigration, law enforcement)	13	16	15	11	(19)%	(13)%	18%
Average age of Amtrak locomotive and car fleets (years):							
Locomotives (diesel and electric)	20.0	19.1	20.3	20.0	5%	(1)%	—%
Car fleets (railcar and trainset fleets)	33.6	33.6	31.3	26.5	—%	7%	27%

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

¹ Unsatisfactory condition means an International Roughness Index value greater than 170, as used by the National Cooperative Highway Research Program (NHCPR). 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

The condition of all types of roads except interstates has improved when comparing 2020 to 2011 (2021 data was unavailable). As of 2020, the roads in the worst condition, at 43% 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.

The percentage of highway bridges in poor condition was 7% in 2021, a decrease of 2 percentage points when compared to 2012 (the first year for which we have this data).

Road congestion in urban areas is one of the major causes of commuter delays. Hours of delay per year per urban highway commuter decreased 40% or 18 hours when comparing 2020 to 2011 (2021 data was unavailable). All cities reported decreases over the past decade, except Akron, OH, Stockton, CA, and Fresno, CA. The area that reported the greatest decrease in hours of delay was the metropolitan area of Los Angeles-Long Beach-Santa Ana, CA at a decrease of 51 hours for the decade. The year 2020 marks the only year with a decline in total hours of delay since 1990 (the earliest year for which we have data). According to the US Department of Transportation, COVID-19 caused immediate dramatic declines in long-distance and local passenger travel. The daily average number of Americans staying at home, normally between 58 and 68 million in 2019, jumped to 94.5 million in March 2020 and peaked at over 100 million during the 2020 holiday season.⁷³ Fuel wasted due to urban commuter delays had similar results, decreasing in 2020 across most major cities and for the first time in total since 2009. Fuel wasted due to urban commuter delays decreased 44% from 2011 to 2020 (2021 data was unavailable).

Passenger trains⁷⁴

The number of Amtrak passengers sharply declined in 2020 and 2021 due to travel restrictions and social distancing measures imposed to reduce the spread of COVID-19 and continued lower levels of travel after restrictions were lifted. Per Amtrak, "Although ridership and ticket revenue decreased in FY2021 as compared to FY2020, we did experience an increase in ridership and gross ticket revenue toward the end of FY2021, as the public became more comfortable traveling as infection rates declined and the number of vaccinated individuals increased." The number of passengers decreased by 18 million or 60% for the decade and 5 million or 28% from 2020 to 2021.

During the past decade, most causes of delays decreased, with Amtrak issues decreasing 54% and host railroad issues decreasing 31%, while "other" causes increased 18%. Amtrak owns its trains, however, approximately 72% 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 car fleets has increased over the past decade, while the average age of locomotives remained unchanged for the 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 34 years of age, and its diesel locomotives over 20 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. As of the end of fiscal year 2021, Amtrak operated an active equipment fleet of 286 locomotives, 1,335 railcars, and 20 high-speed trainsets, plus 244 locomotives and railcars owned by its state partners. Amtrak has placed base orders for at least 101 new trainsets and 125 diesel locomotives, all to be manufactured in the US. These orders include options for up to 140 additional intercity trainsets and up to 50 additional diesel locomotives. Amtrak intends to complete its re-fleeting with a procurement for new long-distance railcars, to be placed within the five-year timeline of this plan.

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

	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Rate of poverty of all persons - Official Poverty Measure ¹	12%	12%	13%	15%	—ppt	(1)ppt	(3)ppt
Rate of poverty of all persons - Supplemental Poverty Measure ¹	8%	9%	14%	16%	(1)ppt	(6)ppt	(8)ppt

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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 FIU, consistent with our other cohort tables.

Using SPM, the average poverty rate of our population declined throughout the decade. Demographically, in 2021:

- *Geographic region* - the region with the highest poverty rate remained the South, with 40% of all FIUs below the poverty line.
- *Race and ethnicity* - white people accounted for the largest portion of FIUs in poverty, with 70% of heads of FIUs below the poverty line in 2021, while they represented an even greater portion of heads of all FIUs (78%). Black, Hispanic, Asian, and other non-white people were disproportionately represented among the poor, comprising 14%, 16%, 6%, and 2% of heads of all FIUs, respectively, while representing 19%, 23%, 8%, and 3%, respectively, of heads of FIUs below the poverty line in 2021.
- *Gender* - families where women were the primary earners accounted for 44% of all FIUs in 2021 but 52% of the poor. This was true for all family types except one, but in particular, women disproportionately supported poor families in elderly households and families who were married with no kids, where the ratio of female head-of-household to households below the poverty line were 49% as compared to 60% and 32% as compared to 43%, respectively.
- *Family type* - in 2021, by family type, the largest number of people in poverty were single people without kids. Single people without kids also had the highest poverty rate, 14%, and were disproportionately represented among the poor (49% of the poor while 35% of all FIUs). The elderly had a 12% poverty rate and were also disproportionately represented among the poor, representing 29% of the poor and 25% of all FIUs. Single parents had an 11% poverty rate and were also disproportionately represented among the poor, representing 10% of the poor and 9% of all FIUs. Married families with children and married with no children 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	2021	2020	2016	2011	Change	Change	Change
					2021 vs. 2020	2021 vs. 2016	2021 vs. 2011
People in subsidized housing (in thousands)	9,170	9,338	9,785	10,099	(2)%	(6)%	(9)%
<i>People in subsidized housing per 100,000 people</i>	<i>2,762</i>	<i>2,817</i>	<i>3,029</i>	<i>3,241</i>	<i>(2)%</i>	<i>(9)%</i>	<i>(15)%</i>

[†] 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 2021, 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 decreased over the past decade. Demographically:

- *Gender* - over the past decade, 75% to 77% of Housing and Urban Development (HUD) subsidized households were headed by a woman, and 31% to 37% were headed by a woman with a child in the household.
- *Family type* - over the past decade, 31% to 36% of HUD subsidized households had only one adult with children, while the number of households with two or more adults with children ranged from 3% to 5%.
- *Race* - households where the head-of-household is Black comprised 42% of the subsidized households in 2021, while households headed by a white person followed at 34%. Comparing 2011 and 2021, the Black head-of-household percentage decreased 2 percentage points, while the white head-of-household percentage decreased 3 percentage points.
- *Age* - households where the head-of-household is age 25 to 50 comprised 39% of the subsidized households in 2021, down from 45% in 2011, while households headed by a person over 62 years old followed at 39% in 2021, up from 32% in 2011.

Consumption

Calendar year	2021	2020	2016	2011	Change	Change	Change
					2021 vs. 2020	2021 vs. 2016	2021 vs. 2011
Total household cash expenditures (consumption) (in billions)	\$ 14,750	\$ 13,028	\$ 11,779	\$ 9,979	13%	25%	48%
Cash expenditures per household	\$ 114,143	\$ 101,424	\$ 93,619	\$ 83,209	13%	22%	37%
Cash expenditures per household adjusted for inflation	\$ 114,143	\$ 106,189	\$ 105,696	\$ 100,237	7%	8%	14%

¹ 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 2021, as that is the latest date for which comprehensive Government-wide financial data is available.

One measure of standard of living may be household consumption. The growth rate of total household cash expenditures exceeded inflation over the past decade. In 2021, our largest shares of household cash expenditures were for healthcare (24% of our expenditures), housing (17%), food (13%), and transportation (11%). The largest dollar increases in aggregate household expenditures over the last decade were in healthcare (growth of \$1.2 trillion or 51%), food both in and out of the home (\$711 billion or 61%), housing (\$664 billion or 36%), transportation (\$450 billion or 40%), and recreation (\$430 billion or 72%).

As a comparison, medical care inflation was 32%, food inflation was 21%, overall inflation was 20%, population growth was 7%, and the median annual wage grew 33% 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	2021	2020	2016	2011	Change	Change	Change
					2021 vs. 2020	2021 vs. 2016	2021 vs. 2011
Percent of adults with: ¹							
Asthma ²	10%	10%	9%	9%	—ppt	1ppt	1ppt
Diabetes ³	10%	9%	9%	9%	1ppt	1ppt	1ppt
Heavy drinker ⁴	15%	16%	17%	18%	(1)ppt	(2)ppt	(3)ppt
Smoker ⁵	11%	12%	15%	19%	(1)ppt	(4)ppt	(8)ppt
Exercise 1x/mo+ ⁶	76%	78%	77%	74%	(2)ppt	(1)ppt	2ppt
Obese ⁷	32%	32%	32%	30%	—ppt	—ppt	2ppt
Overweight ⁸	33%	33%	34%	34%	—ppt	(1)ppt	(1)ppt
Depression ⁹	21%	20%	17%	18%	1ppt	4ppt	3ppt

¹ 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 2021, 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 Data represents the median crude prevalence of conditions across all states and the District of Columbia.

² Individuals who are currently diagnosed with asthma by a medical professional.

³ Individuals who have ever been told by a medical professional that they have diabetes.

⁴ Males having 5+ drinks at a time, females having 4+ drinks at a time.

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 BMI between 25.0 and 29.9.

⁹ Individuals who have a depressive disorder, as determined by a medical professional.

PART II
Item 7

Americans report experiencing higher rates of asthma, diabetes, exercise, obesity, and depression than they did a decade ago. We look at these factors and others by FIU and income cohort in the table below.

Health profile (calendar year 2021)

Family and Individual Unit Subgroup/Income %	Percent of adults who have health condition							
	% Asthma ¹	% Diabetes ²	% Heavy Drinker ³	% Smoker ⁴	% Exercise 1x / mo+ ⁵	% Obese ⁶	% Overweight ⁷	% Depression ⁸
All Families	14.3%	10.3%	6.1%	11.9%	78.8%	32.1%	34.8%	17.8%
Bottom 20% (\$0-\$13K)	17.2%	17.1%	4.6%	19.2%	65.9%	35.2%	31.6%	24.1%
Second 20% (\$13K-\$42K)	15.3%	12.8%	5.8%	15.7%	72.2%	34.6%	33.7%	20.6%
Middle 20% (\$42K-\$80K)	13.7%	10.3%	6.1%	13.0%	77.5%	34.2%	34.6%	18.0%
Fourth 20% (\$80K-\$145K)	13.4%	8.5%	6.4%	9.8%	82.7%	32.6%	35.5%	16.3%
Top 20% (\$145K+)	13.3%	6.3%	6.8%	6.1%	88.0%	26.4%	36.8%	13.4%
Married No Kids	14.1%	9.5%	6.8%	10.0%	82.4%	31.6%	35.1%	16.8%
Bottom 20%	16.8%	20.9%	3.9%	17.6%	66.6%	38.2%	31.7%	24.4%
Second 20%	15.2%	13.9%	4.8%	15.9%	71.7%	37.6%	33.9%	20.7%
Middle 20%	13.7%	12.8%	5.5%	13.4%	76.1%	36.5%	35.6%	18.6%
Fourth 20%	13.0%	9.7%	7.0%	11.0%	81.9%	33.8%	35.2%	17.6%
Top 20%	14.5%	6.5%	7.6%	6.6%	87.8%	27.1%	35.4%	14.3%
Married Parents	12.7%	5.1%	5.0%	8.4%	84.0%	32.2%	36.1%	14.5%
Bottom 20%	16.1%	9.7%	3.8%	15.2%	65.8%	39.4%	33.3%	20.1%
Second 20%	12.6%	8.5%	4.4%	14.9%	74.6%	36.5%	35.3%	18.3%
Middle 20%	12.0%	6.2%	4.3%	12.1%	78.4%	37.5%	33.8%	16.4%
Fourth 20%	13.4%	5.0%	5.0%	8.5%	83.6%	34.5%	36.0%	14.5%
Top 20%	12.2%	3.8%	5.4%	5.2%	89.5%	27.2%	37.4%	12.7%
Single No Kids	16.8%	8.1%	7.7%	17.0%	78.7%	32.9%	32.1%	22.7%
Bottom 20%	19.1%	11.3%	5.9%	23.6%	70.8%	35.6%	29.2%	29.4%
Second 20%	17.2%	8.8%	7.6%	18.2%	76.0%	34.8%	31.7%	23.9%
Middle 20%	16.0%	6.8%	8.4%	15.5%	80.6%	32.6%	33.4%	20.5%
Fourth 20%	15.6%	6.1%	8.5%	12.0%	84.8%	30.7%	33.8%	18.8%
Top 20%	15.2%	4.9%	10.0%	8.8%	88.6%	24.8%	34.1%	15.6%
Single Parents	17.7%	6.2%	5.6%	17.4%	75.4%	37.8%	30.4%	22.6%
Bottom 20%	22.9%	8.0%	4.5%	23.3%	68.2%	41.5%	25.6%	29.7%
Second 20%	18.9%	6.4%	5.7%	18.8%	73.4%	39.5%	29.4%	24.3%
Middle 20%	15.1%	5.1%	5.3%	15.4%	78.9%	36.2%	33.5%	19.5%
Fourth 20%	13.2%	4.8%	7.6%	11.5%	81.8%	33.8%	32.4%	16.7%
Top 20%	15.7%	4.4%	5.8%	8.6%	86.4%	30.1%	35.1%	14.1%
Elderly (65+)	12.3%	19.2%	4.9%	9.9%	72.0%	29.9%	37.4%	15.0%
Bottom 20%	14.0%	26.1%	3.5%	14.2%	59.9%	32.0%	35.7%	17.3%
Second 20%	12.5%	20.6%	4.6%	11.8%	66.8%	31.4%	37.1%	16.0%
Middle 20%	11.6%	18.3%	5.1%	9.1%	73.0%	31.9%	36.6%	15.0%
Fourth 20%	11.4%	15.7%	5.3%	7.2%	80.5%	29.2%	37.8%	14.2%
Top 20%	11.8%	12.1%	6.3%	5.0%	84.9%	23.6%	40.6%	11.4%

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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 BMI greater than 29.9.

⁷ Individuals with a BMI between 25.0 and 29.9.

⁸ Individuals who have a depressive disorder, as determined by a medical professional.

By income cohort, the higher the income, the lower the rates of asthma, diabetes, smoking, obesity, and depression and the higher the rates of heavy drinking, exercise, and being overweight. In 2021, 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 6.3% of top earners compared to 17.1% of those who earn the least;
- smokers accounted for 6.1% of top earners, compared with 19.2% of those who earn the least; and
- those with higher income report exercising more often than the poor, with 88.0% of the top income cohort and 65.9% 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 asthma, heavy drinking, exercising, and obesity. The condition where the gap between family types was greatest in 2021 was diabetes; in 2021, 5.1% of married parents reported having diabetes, while 19.2% of the elderly reported having this condition.

By major racial and ethnic group, there is no group that is consistently healthier than the others by all of these measures. In 2021, the races or ethnicities with the highest and lowest rates of these measures were:

- *Asthma* - highest - American Indian/Alaska Native people at 13%, lowest - Asian people at 7%
- *Diabetes* - highest - American Indian/Alaska Native people at 20%, lowest - white people at 9%
- *Heavy drinker* - highest - Native Hawaiians or other Pacific Islanders at 24%, lowest - Asian people at 11%
- *Smoking* - highest - American Indian/Alaska Native people at 18%, lowest - Asian people at 5%
- *Exercise* - highest - Asian people at 80%, lowest - Hispanic people at 71%
- *Obese* - highest - American Indian/Alaska Native people at 46%, lowest - Asian people at 11%
- *Overweight (but not obese)* - highest - Hispanic people at 36%, lowest - Asian people at 31%
- *Depressed* - highest - American Indian/Alaska Native people at 26%, lowest - Native Hawaiians or other Pacific Islanders at 8%

All these populations generally follow the overall trend that the higher the income, the lower the rates of asthma, diabetes, smoking, obesity, and depression, and the higher the rates of heavy drinking, exercise, and being overweight (but not obese).

Overall, in 2021, 67% of Americans were either overweight or obese. The highest rate of obesity was among single parents, while the lowest was among the elderly. The opposite is true for those overweight; single parents had the lowest rates of those overweight, while the elderly had the highest rates. The rate of obesity has increased over the last decade, while the rate of those overweight has decreased.

Overall, in 2021, nearly 18% of Americans had a depressive disorder, as determined by a medical professional. The highest rates of depressive disorder were among single people, while the lowest was among married parents. Twenty percent of children ages 12-17, 20% of adults ages 18-25, and 7% of adults ages 26 or older experienced a major depressive episode in 2021-2022 (2021 is not available in isolation). A major depressive episode is a period of at least 2 weeks when an individual experienced a depressed mood or loss of interest or pleasure in daily activities and had a majority of specified depression symptoms. The most recent depression data should not be directly compared to estimates from 2019 or earlier due to changes in the source methodology; however, depression prevalence among people 12-17 and 18-25 increased throughout the 2010s. Approximately one-quarter of Oregonians ages 12-17 and 18-25 experienced a major depressive episode in 2021-2022, the most of any state.

Longevity and mortality

Calendar year	2021	2020	2016	2011	Change	Change	Change
					2021 vs. 2020	2021 vs. 2016	2021 vs. 2011
Life expectancy at birth (years) ¹	76.4	77.0	78.7	78.7	(1)%	(3)%	(3)%
Average age at death (years)	72.9	73.7	73.4	73.5	(1)%	(1)%	(1)%
Total deaths ¹	3,464	3,384	2,744	2,515	2%	26%	38%
Deaths by leading and other select causes (in thousands):²							
Circulatory diseases	932	929	841	783	—%	11%	19%
Cancers	621	619	614	592	—%	1%	5%
Respiratory diseases	251	271	266	249	(7)%	(6)%	1%
Mental disorders	136	148	133	136	(8)%	3%	—%
Other synthetic narcotics ³	71	57	19	3	25%	274%	nm
Firearm deaths	49	45	39	32	9%	26%	53%
Other opioid	14	13	14	12	8%	—%	17%
Heroin poisoning	9	13	15	4	(31)%	(40)%	125%
Deaths by intent (in thousands):							
Accidents	225	201	161	126	12%	39%	78%
Suicides	48	46	45	40	5%	7%	22%

¹ 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 2021, 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 because the number is divided by zero or change is greater than +/- 1,000%.

¹ Data for 2021 are provisional releases for the Centers for Disease Control (CDC's) National Vital Statistics System.

² Data may be partially duplicate between categories.

³ Synthetic opioid analgesics other than methadone, including drugs such as fentanyl and tramadol.

In 2021, male life expectancy at birth was 73.5 years and female life expectancy was 79.3 years. For non-Hispanic Black people, life expectancy at birth was 71.2 years, while for non-Hispanic white people it was 76.7 years. Over the past decade, life expectancy at birth decreased 3%, while average age at death decreased 1%. Life expectancy for males and females, Hispanic people, non-Hispanic Black people, and non-Hispanic white people all decreased for the decade, with the largest decrease at 4 years for Hispanic people. The decline in life expectancy can be attributed primarily to deaths from the COVID-19 pandemic.⁷⁵

Causes of death and intent

In 2021, 3,464 thousand deaths occurred, an increase of 38% for the decade and 2% over 2020. According to regularly reported CDC data, for the periods 2011 to 2021, the leading causes of death (other than COVID-19) remained the leading causes throughout the periods shown in this report. Deaths from the top four leading causes of death (excluding COVID-19), increased from 2011 to 2021, even when adjusting for population growth.

According to provisional CDC data, COVID-19 was the third leading cause of death in 2021, underlying or contributing to the deaths of 461 thousand people or 13% of 2021 deaths, a 20% increase from 2020. Demographically:

- **Age** - the age group with the highest COVID-19 death rate was adults aged 85 and over (1,395.7 per 100,000);
- **Race and ethnicity** - COVID-19 death rates were highest among American Indian/Alaska Native people (198.5 per 100,000), followed by non-Hispanic Black people (146.8 per 100,000); and
- **Gender** - male death rates from COVID-19 were higher (140.0 per 100,000) than females (87.7 per 100,000).⁴⁵

Though they are not leading causes of death, heroin and other synthetic narcotic deaths have increased at growth rates far exceeding those of the leading causes. Other synthetic narcotic deaths had the most significant increase at 2,267% over the decade, followed by heroin poisoning at an increase of 125%. Demographically:

- **Age** - the age group between 35 to 44 made up the largest group of other synthetic narcotics and heroin death increases over the past decade at 27% of the increase in these deaths, followed by those between the ages of 25 to 34 at 26%, and those between the ages of 45 and 54 at 19%. Other synthetic narcotics poisoning has been the leading cause of death among 18- to 44-year-olds since 2019.

PART II
Item 7

- *Gender* - male deaths were more than two times those of female deaths within each of these age groups.
- *Race and ethnicity* - white people experienced the greatest increase in other synthetic narcotic deaths and heroin deaths, making up 76% of the increase over the past decade, with Black people following at 21%. American Indian/Alaska Native and Asian or Pacific Islanders each represented only 1% of the increase in these deaths over the decade.

Though also not a leading cause of death, deaths from firearms increased 53% over the past decade. In 2021, 54% of these deaths were suicides, 43% were homicides, and the remainder was not classified. Demographically, in 2021:

- *Geography* - metropolitan areas housed 83% of the firearm deaths, while 17% occurred in non-metropolitan areas.
- *Age* - a plurality of firearm deaths occurred for those between ages 20 and 34, at 36% of the deaths, while the least number occurred for those under 19, at 10% of the deaths.
- *Race and ethnicity* - white people experienced the most firearm deaths at 64%, while Black people experienced 32% of the deaths.

Suicide was the 11th leading cause of death overall in the US in 2021, with nearly two times as many suicides (48,183) as there were homicides (26,031). Demographically, in 2021:

- *Age* - suicide was the second leading cause of death for people ages 10-14 and 25-34 and the third and fifth leading cause of death for people ages 15-24 and 35 to 44, respectively;
- *Gender* - among females, the suicide rate was highest for those aged 45-64 (8.2 per 100,000), while among males, the suicide rate was highest for those aged 75 and older (42.2 per 100,000); and
- *Race and ethnicity* - rates of suicide were highest for non-Hispanic American Indian/Alaska Native people (28.1 per 100,000), followed by non-Hispanic white people (17.4 per 100,000) and non-Hispanic Native Hawaiians or other Pacific Islanders (12.6 per 100,000).

Healthcare affordability

Calendar year	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Total personal healthcare expenditures (in billions) ¹	\$ 3,553	\$ 3,367	\$ 2,796	\$ 2,254	6%	27%	58%
<i>Personal healthcare expenditures per capita</i>	\$ 10,700	\$ 10,156	\$ 8,654	\$ 7,234	5%	24%	48%
<i>Personal healthcare expenditures adjusted for inflation (medical inflation) (in billions)</i>	\$ 3,553	\$ 3,408	\$ 3,168	\$ 2,958	4%	12%	20%
Out-of-pocket healthcare expenditures (in billions) ²	\$ 433	\$ 392	\$ 366	\$ 310	10%	18%	40%
<i>Percentage of personal healthcare expenditures paid out-of-pocket</i>	12%	12%	13%	14%	—ppt	(1)ppt	(2)ppt
Percentage of disposable income spent on healthcare ³	19%	19%	23%	22%	—ppt	(4)ppt	(3)ppt
Percentage of Americans that are uninsured	9%	na	9%	15%	na	—ppt	(6)ppt

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

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 (CMS), 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 58% over the last decade, or 48% per capita. By type, these expenditures increased across all major categories, with the largest dollar increases in hospital (\$491 billion or 59% increase), physician and clinical (\$329 billion or 61%), and prescription drug (\$122 billion or 47%) expenditures.

Private (non-government) health insurance, Medicare, Medicaid, and individual “out-of-pocket” expenditures (excluding insurance premiums) made up 31%, 24%, 18%, and 12%, respectively, of the total personal healthcare expenditures payment sources in 2021. Over the decade, spending from all payment sources increased, except for workers’ compensation and maternal and child health programs. The largest dollar increases by payment source were from private health insurance and Medicare at \$338 billion and \$328 billion, respectively, while payments from other federal programs grew at the highest rate (708%). Other federal programs include Occupant Emergency Organization, Federal General and Medical, Federal General and Medical NEC, and High-Risk Pools under the ACA.

In 2021, households spent 19% of their disposable household cash income on healthcare compared to 22% in 2011, as spending on healthcare increased but disposable income increased more. Over the past decade, as a percentage of disposable household cash income, spending in most every major healthcare category decreased, with the largest decreases in outpatient services and hospitals, at 1.0 and 0.9 percentage points, respectively.

In 2021, 9% of Americans were uninsured, including 5% of children, a decrease from 15% of Americans, including 8% of children, in 2011. Experience varies by race and ethnicity, with white non-Hispanic people having the lowest uninsured rates at 6% in 2021, down from 11% in 2011, and American Indian/Alaska Native people having the highest uninsured rates at 20% in 2021, down from 28% in 2011. Hispanic people saw the largest percentage point change for the period, decreasing 12 percentage points to 18% uninsured in 2021, down from 30% in 2011. Since passage of the ACA in March of 2010, the number of uninsured Americans decreased from 46 million in 2011 to 27 million in 2016, then rose annually to 30 million in 2019, most likely due to new policy changes to coverage options available under the ACA and Medicaid, where they peaked and began declining again.⁷⁶

Blessings of Liberty

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 savings rate as a percentage of disposable income, average household financial and real estate assets, and private retirement plan assets per participant and rates of return thereon; the number of associate’s degrees conferred; certain measures of civil rights, including equal employment charges, housing discrimination complaints, and health discrimination investigations; certain measures of environmental sustainability and self-sufficiency, including net energy production, increased energy consumption from renewable sources, reduced prices for crude oil and coal, and reduced numbers of days reaching unhealthy levels of air quality, drinking water violations, and crop failures 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, hate crimes reported, and total giving as a percentage of AGI.

The results for this decade comparison may not be indicative of current trends generally, as the COVID-19 pandemic had a significant impact on certain 2021 results. In addition, shorter-term trends may differ, and trends may have changed after the latest period presented here.

Education

The education reporting unit seeks to increase educational attainment in the US.

Pre-kindergarten to grade 12

Academic year, except as otherwise noted	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Head Start ¹ funded enrollment (in thousands) (fiscal year)	839	853	916	964	(2)%	(8)%	(13)%
<i>Head Start¹ funded enrollment per 10,000 children age birth-5</i>	449	447	459	479	—%	(2)%	(6)%
Percentage of 3-5 year-olds enrolled in educational programs:							
Full day	na	na	42%	38%	na	na	na
Half day	na	na	23%	26%	na	na	na
Percentage of 5-17-year-olds enrolled in public elementary and secondary school	na	95%	94%	92%	na	na	na
Rate of high school graduates as percentage of freshman cohort	na	87%	84%	79%	na	na	na
Percentage of population 25 years and over with a high school diploma or General Educational Development (GED) certificate (no more or less education) (calendar year)	28%	28%	29%	31%	—ppt	(1)ppt	(3)ppt
% students at or above proficient NAEP ² reading level							
4 th grade	na	na	na	34%	na	na	na
8 th grade	na	na	na	34%	na	na	na
% students at or above proficient NAEP ² math level							
4 th grade	na	na	na	40%	na	na	na
8 th grade	na	na	na	35%	na	na	na

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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 is 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

The US Congress authorizes the amount of federal spending for the Head Start program each year. Authorized funding for Head Start increased 42% over the decade to \$10.7 billion in 2021, while enrollment decreased 13% for the same period. This may be due in part to the COVID-19 pandemic, which resulted in program closures across the country during the 2020-2021 program year.⁷⁷

The percentage of children ages three to five that are enrolled in education programs increased when comparing 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 consistently hovered between 92% and 95% from 2011 to 2020 (the latest comparative period within the decade for which data is available).

The rate of high school graduates as a percentage of those that began high school increased 8 percentage points from 2011 to 2020 (the latest comparative period within the decade for which data is available). The largest increase from 2011 to 2020, is for Black students at 15 percentage points, followed by Hispanic students at 8 percentage points, American Indian/Alaska Native students at 7 percentage points, and white students at 6 percentage points.

The percentage of the population aged 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 2021, demographically:

- *Gender* – percentages of males and females were similar at 29% and 26% of each population, respectively;
- *Age* – percentages were highest for the oldest population, with 25 to 34-year-olds at 26% of this population, 35 to 54-year-olds at 25%, and 55 years and older at 31%; and
- *Race and ethnicity* – Asian people had the lowest percentage at 18% of this population, followed by people who are non-Hispanic white at 27%, Hispanic of any race at 31%, and Black at 33%.

Educational proficiency

The NAEP scores are generally provided every two years, though data was not provided for 2021. Between 2011 and 2019 (the most recent year available within our decade of focus), the reading proficiency rates increased for 4th graders and remained unchanged for 8th graders, while the math proficiency rates increased for 4th graders and decreased 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/District/Territory* – 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)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Average annual cost of undergraduate education	\$ 25,906	\$ 25,280	\$ 22,349	\$ 18,475	2%	15%	40%
<i>Average annual cost of undergraduate education adjusted for inflation¹</i>	<i>\$ 25,906</i>	<i>\$ 25,862</i>	<i>\$ 24,682</i>	<i>\$ 21,990</i>	<i>—%</i>	<i>5%</i>	<i>18%</i>
Rate of college enrollment as percentage of recent high school graduates	63%	66%	69%	68%	(3)ppt	(6)ppt	(5)ppt
Rate of graduation from four-year institutions within six years of start	65%	64%	60%	59%	1ppt	5ppt	6ppt
Rate of graduation from two-year institutions within three years of start	35%	34%	30%	31%	1ppt	5ppt	4ppt
Number of associate's degrees conferred by postsecondary institutions	1,036	1,019	1,008	944	2%	3%	10%
Percentage of population 25 years and over with a bachelor's degree or higher	38%	38%	33%	30%	—ppt	5ppt	8ppt

PART II

Item 7

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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

The average annual cost of undergraduate education increased 40% over the past decade, or 18% adjusted for inflation. The cost for 4-year institutions and for 2-year institutions increased 32% and 34%, respectively. Among the components of the cost of education, tuition and fees and dormitory room costs increased the most at 43% and 41% growth, respectively.

Enrollment

The overall rate of college enrollment by recent high school graduates has fluctuated but decreased over the decade. From 2011 to 2021, the rate of enrollment in 4-year institutions rose 1.0 percentage points, while enrollment in 2-year institutions dropped 7.4 percentage points. The rate of male enrollment declined 9.8 percentage points, with enrollment in 4-year institutions and 2-year institutions dropping 3.9 and 5.9 percentage points, respectively. The rate of female enrollment declined 2.7 percentage points, with enrollment in 4-year institutions rising 6.4 percentage points, while enrollment in 2-year institutions dropped 9.1 percentage points. From 2011 to 2021, the rate of college enrollment by students coming from low-income, middle-income, and high-income families decreased by 3.0, 2.1, and 9.9 percentage points, respectively.

Graduation

The rates of graduation from 4-year and 2-year institutions increased 6 percentage points and 4 percentage points, respectively, over the decade. However, the rates vary by type of institution and the gender and race and ethnicity of the student.

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 2021, these rates were 30%, 64%, and 69%, 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 67% and 61%, respectively, in 2021. These graduation rates reflect increases of 6.6 and 5.1 percentage points among females and males, respectively, over the past decade. By institution type, females and males 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 77% in 2021, while American Indian/Alaska Native people had the lowest rate, at 43%.

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 2021, these overall graduation rates were 30%, 60%, and 60%, respectively. Comparing 2021 to 2011, graduation rates from 2-year institutions increased 3.4 percentage points. The rates increased in public institutions and nonprofit institutions by 10.0 and 3.0 percentage points, respectively, and decreased in for-profit institutions by 1.8 percentage points.

By gender, graduation rates from 2-year institutions increased 5.3 percentage points among males and 1.9 percentage points among females over the decade. By race and ethnicity, Asian people showed the largest increase in graduation rates at 8.5 percentage points, followed by white people at 7.6 percentage points, Pacific Islanders at 5.8 percentage points, and American Indian/Alaska Native people at 4.8 percentage points, while the graduation rates for Hispanic and Black people decreased 2.8 and 0.9 percentage points, respectively, for the period.

Similar to 4-year institutions, by race and ethnicity, Asian people enjoyed the highest rate of graduation from 2-year institutions, at 44% in 2021, while Black people had the lowest rate, at 27%.

According to the Department of Education, “Researchers have identified a number of student-level challenges and institutional practices that underlie the low rates of persistence and completion at community colleges... These factors include, but are not limited to, financial challenges, such as the costs of attending college; a shortage and underutilization of student support services; insufficient preparation for college-level work; and the competing demands of work, family, and school. These challenges are even more pronounced for students from families with low-incomes and students’ with insufficient preparation for college-level work due to powerful negative systemic influences on students’ prior educational preparation (e.g., absence of academically rigorous course offerings in the high school).”

Degrees

Associate's degree

The number of associate’s degrees conferred by postsecondary institutions increased 10% over the last decade. In 2021, demographically:

- *Gender* – 37% of the degrees were conferred to males, while 63% were conferred to females; and
- *Race and ethnicity* – a majority (just over 50%) of the degrees were earned by white non-Hispanic students, with the second and third largest populations, Hispanic and Black non-Hispanic students, earning 26% 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 8 percentage points over the last decade, reaching 38% in 2021. In 2021, demographically:

- *Gender* – females had a 2-percentage point higher rate than males of obtaining a master’s degree (12% and 10%, respectively) and a 1-percentage point higher rate for bachelor’s degrees (24% and 23% respectively), while males had a 1-percentage point higher rate of obtaining professional degrees (2% for men and 1% for women). The rates were the same for doctorate degrees at 2% for both men and women;
- *Age* – the rates of bachelor’s degrees decreased with age, with 25 to 34-year-olds at 29%, 35 to 54-year-olds at 25%, and 55-year-olds and older at 20%, while rates of master’s, professional, and doctorate degrees all were generally higher in the older age groups; and
- *Race and ethnicity* – Asian people had the highest rates of earning all degrees, at 34% for bachelor’s, 20% for master’s, 2% for professional, and 5% for doctorate degrees, while Hispanic people of any race had the lowest rates at 15% for bachelor’s, 5% for master’s, and 1% for each professional and doctorate degrees.

Education profile (calendar year 2021)

One way to analyze education outcomes is by 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 Subgroup/Income %	Educational Attainment of Unit Head				# of Students in Household (in thousands)				
	% Some H.S.	% H.S. Diploma	% Some College	% College Graduate	Pre-School	K-12		College	
					(Aged 3+)	Public	Private	Full-Time	Part-Time
All Family and Individual Units	9%	27%	27%	37%	3,930	47,257	6,846	12,439	4,148
Bottom 20% (\$0-\$13K)	21%	36%	27%	16%	361	5,127	565	2,476	529
Second 20% (\$13K-\$42K)	11%	36%	31%	21%	512	8,194	830	2,003	707
Middle 20% (\$42K-\$80K)	7%	30%	29%	34%	714	9,362	1,156	1,885	759
Fourth 20% (\$80K-\$145K)	4%	23%	27%	46%	978	11,461	1,541	2,576	1,009
Top 20% (\$145K+)	2%	12%	19%	67%	1,330	12,765	2,699	3,404	1,112
Single No Kids	8%	29%	28%	35%	—	651	76	4,728	1,349
Bottom 20%	16%	35%	30%	19%	—	210	25	2,045	307
Second 20%	9%	36%	32%	23%	—	125	20	1,263	372
Middle 20%	4%	28%	29%	40%	—	133	15	673	341
Fourth 20%	2%	18%	23%	57%	—	121	11	493	222
Top 20%	2%	10%	17%	71%	—	39	5	200	91
Single Parents	17%	32%	31%	21%	991	15,879	1,426	1,023	450
Bottom 20%	36%	33%	22%	8%	285	3,753	372	195	86
Second 20%	13%	39%	36%	12%	310	5,302	438	289	140
Middle 20%	9%	30%	35%	26%	225	3,906	363	289	129
Fourth 20%	5%	21%	28%	45%	113	2,045	144	197	68
Top 20%	3%	13%	23%	61%	41	703	79	48	17
Married No Kids	6%	25%	26%	42%	—	602	171	3,249	983
Bottom 20%	22%	36%	23%	18%	—	22	1	96	37
Second 20%	16%	35%	30%	20%	—	31	10	171	57
Middle 20%	11%	38%	28%	23%	—	80	21	393	98
Fourth 20%	6%	29%	32%	34%	—	203	52	930	289
Top 20%	2%	16%	22%	61%	—	266	87	1,650	501
Married Parents	7%	20%	23%	50%	2,899	29,076	5,058	2,873	951
Bottom 20%	28%	33%	18%	20%	70	926	159	78	31
Second 20%	21%	35%	25%	19%	190	2,459	339	174	60
Middle 20%	15%	33%	28%	24%	481	5,053	736	432	132
Fourth 20%	6%	23%	28%	43%	859	8,928	1,316	852	321
Top 20%	1%	10%	16%	73%	1,281	11,576	2,486	1,319	405
Elderly (age 65+)	10%	30%	27%	33%	40	1,049	115	566	415
Bottom 20%	22%	37%	26%	15%	6	216	9	62	67
Second 20%	10%	36%	30%	24%	12	278	23	106	78
Middle 20%	6%	29%	30%	35%	8	190	22	98	58
Fourth 20%	3%	23%	28%	47%	6	164	17	104	109
Top 20%	2%	13%	21%	64%	8	181	42	87	98

[†] 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 2021, 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 2021, 37% of all heads-of-households had a college degree, with the percentage climbing with each income cohort, from 16% at the lowest income cohort to 67% at the highest. Another 27% had some college education, and 27% 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, with 50% of the heads of these households having graduated college. The least likely are single parents, with 21% having graduated college. The highest-educated group is married parents 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 8% are college graduates and 36% have only some high school education.

Wealth and savings

The wealth and savings reporting unit encourages wealth creation through 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	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Rate of savings as a percentage of disposable income [†]	18%	22%	12%	13%	(4)ppt	6ppt	5ppt
Total household financial assets (primarily at market value) (in billions)	\$ 118,025	\$ 105,042	\$ 76,252	\$ 55,920	12%	55%	111%
Average financial assets (per household)	\$ 913,340	\$ 817,757	\$ 606,045	\$ 466,284	12%	51%	96%
Average financial assets adjusted for inflation	\$ 913,340	\$ 856,175	\$ 684,229	\$ 561,703	7%	33%	63%
Homeownership rate (as a percentage of households)	66%	67%	63%	66%	(1)ppt	3ppt	—ppt
Average real estate assets (per household)	\$ 335,970	\$ 286,614	\$ 221,910	\$ 167,963	17%	51%	100%
Average real estate assets adjusted for inflation	\$ 335,970	\$ 300,079	\$ 250,538	\$ 202,334	12%	34%	66%
Average home mortgage debt (per household)	\$ 92,270	\$ 84,564	\$ 76,768	\$ 81,595	9%	20%	13%
Average home mortgage debt adjusted for inflation	\$ 92,270	\$ 88,537	\$ 86,672	\$ 98,292	4%	6%	(6)%

[†] 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 2021, 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.

[‡] Disposable income is a USAFacts defined value equal to market income plus government transfers to households (includes Social Security, Medicare, Medicaid, SSI, 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 5 percentage points over the past decade, due to increases in income that outpaced increases in expenditures. For the decade, disposable income increased primarily due to higher wages and salaries (56% increase), government transfers to households (see footnote 1 to the table above, a 96% increase), and realized capital gains (412% increase). See analysis of the taxable components of income in *Revenues / Federal individual income tax revenue* above. Expenditures increased for the decade, primarily in the categories of health (51% increase), housing (36% increase), and food (61% increase). However, we see notable decreases in certain spending categories, due primarily to decreased travel in 2021 as a result of COVID-19 – a 33% decrease in foreign travel/expenditures abroad by US residents over the decade (40% increase from 2020) and a 6% decrease in motor fuel, oil, etc. (51% increase from 2020).

Financial assets

Total and average (per household) financial assets (excluding real estate) increased over the past decade, 111% and 96%, respectively. Total household financial assets increased \$60.1 trillion, primarily reflecting increases in corporate equities (\$23.6 trillion), pension entitlements (\$12.8 trillion), equity in noncorporate business (\$8.7 trillion), and mutual fund shares (\$8.1 trillion). Average household financial assets increased at a lower rate than total household financial assets due to an 8% increase in the number of households.

Real estate

In 2021, 66% of households owned their home. Overall, the percentage of families that are homeowners remained steady over the decade. Demographically:

- *Geography* - the Northeast had the greatest change for the decade decreasing by 1.3 percentage points, while the Midwest had the only increase at 0.3 percentage points for the same period;
- *Race and ethnicity* - the largest increase was among Asian or Native Hawaiian or other Pacific Islander people at 1.9 percentage points, and the lowest increase was among non-Hispanic white people at 0.3 percentage points, while Black people showed the only decrease at 0.7 percentage points; and

- *Age* - homeowners less than 25 years old had the largest rate of increase at 1.7 percentage points, while most other age groups saw declines, with the largest rate of decrease for homeowners ages 55 to 59 at 4.1 percentage points for the decade.

Average real estate assets (not included in financial assets) per household (all households, not just those of homeowners) increased 100% over the past decade, while average mortgage debt per household increased 13%. Though average mortgage debt increased, it did not keep up with inflation, declining 6% for the decade when adjusted. 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 2021, average real estate assets less average mortgage debt per household was \$243,700.

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%

¹ 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 2021, 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.

² 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 nonfinancial assets. Those age 55 to 64 held the opposite - a plurality of their assets nonfinancial assets followed by primary residences.

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 education loans, and, for all ages (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.

PART II
Item 7

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 percentages 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

	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Elderly (65+) poverty rate	10%	9%	9%	9%	1ppt	1ppt	1ppt
Number of active participants in private pension plans (in thousands) ¹	99,544	97,300	93,851	90,175	2%	6%	10%
<i>Active participants in private pension plans as a percentage of the working age population</i>	47%	46%	45%	44%	1ppt	2ppt	3ppt
Private retirement plan assets per active participant ¹	\$ 132,298	\$ 122,396	\$ 91,794	\$ 70,370	8%	44%	88%
<i>Private retirement plan assets per active participant adjusted for inflation</i>	\$ 132,298	\$ 128,146	\$ 103,636	\$ 84,770	3%	28%	56%
Annual rate of return earned by private pension plans with 100 or more participants	13.7%	13.5%	7.2%	2.6%	0.2ppt	6.5ppt	11.1ppt
Number of active participants in 401(k) type private pension plans (in thousands) ¹	74,905	72,214	67,121	61,371	4%	12%	22%
<i>Active participants in 401(k) type private pension plans as a percentage of the working age population</i>	35%	34%	32%	30%	1ppt	3ppt	5ppt
401(k) type private retirement plan assets per active participant ¹	\$ 107,075	\$ 97,886	\$ 70,596	\$ 51,276	9%	52%	109%
<i>401(k) type private retirement plan assets per active participant adjusted for inflation</i>	\$ 107,075	\$ 102,485	\$ 79,703	\$ 61,769	4%	34%	73%
Annual rate of return earned by 401(k) type plans with 100 or more participants	14.9%	14.1%	7.6%	0.1%	0.8ppt	7.3ppt	14.8ppt

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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 has increased by 1 percentage point compared to a decade ago. In 2021, by gender, the rate of poverty was higher among female elderly, at 12% of the respective population, than among male elderly, at 9% of the respective population. The poverty rates were the highest among elderly Black people at 18%, up from 17% in 2011, whereas the poverty rates were the lowest among the elderly white people at 8%, up from 7% in 2011.

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 22% increase in active participation in defined contribution plans, offset in part by a 29% 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 2021, average pension plan assets per active participant amounted to \$132,298 in all private pension plans and \$107,075 in 401(k) type plans. Annual rates of

PART II
Item 7

return on private pension plan assets were positive in 2021, as they were a decade ago, at 13.7% for all private pension plans and 14.9% for 401(k) type plans in 2021, as compared to 2.6% for private pension plans and 0.1% for 401(k) type plans in 2011. For comparative purposes, using beginning and ending federal fiscal year (October 1 to September 30) closing prices, the S&P 500 produced a 27.2% return in 2021 and negative 1.1% in 2011.

Government obligations

Fiscal year	2021	2020	2016	2011	Change	Change	Change
					2021 vs. 2020	2021 vs. 2016	2021 vs. 2011
Total Government debt held by the public as % of GDP	100%	105%	87%	80%	(5)ppt	13ppt	20ppt
<i>Total Government debt held by the public per person</i>	<i>\$ 71,831</i>	<i>\$ 68,984</i>	<i>\$ 50,797</i>	<i>\$ 32,653</i>	<i>4%</i>	<i>41%</i>	<i>120%</i>

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Total Government debt held by the public as a percentage of GDP increased 20 percentage points over the past decade, with Government debt held by the public increasing 90% and GDP increasing 52%. Per person in the US, total Government debt held by the public increased 120% over the decade. 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	2021	2020	2016	2011	Change	Change	Change
					2021 vs. 2020	2021 vs. 2016	2021 vs. 2011
Energy							
Primary energy consumption (quadrillion Btu) ¹	93	89	94	94	4%	(1)%	(1)%
Energy consumption from renewable sources and nuclear (quadrillion Btu)	16	16	16	15	—%	—%	7%
Net consumption (production) of energy (quadrillion Btu) ²	(4)	(7)	10	16	(43)%	(140)%	(125)%
Spot price of West Texas Intermediate (WTI) crude oil per barrel	\$ 68.13	\$ 39.16	\$ 43.29	\$ 94.88	74%	57%	(28)%
Spot price of Henry Hub natural gas per million Btu	\$ 3.89	\$ 2.03	\$ 2.52	\$ 4.00	92%	54%	(3)%
Coal prices per short ton – open market	\$ 31.76	\$ 31.44	\$ 31.14	\$ 38.23	1%	2%	(17)%
Water							
Water use per day (billions of gallons) ³	na	na	na	na	na	na	na

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^{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

Overall, primary energy consumption decreased over the past decade. By source, consumption of fossil fuels decreased 1.8 quadrillion Btu or 2%, and consumption of nuclear electric power decreased 138 trillion Btu or 2%, while renewable energy consumption increased 1.3 quadrillion Btu or 21% for the decade. By source, over the past decade:

- *Fossil fuels* – consumption of coal decreased 9.1 quadrillion Btu or 46%, while consumption of natural gas and petroleum were up 6.8 quadrillion Btu or 27% and 604 trillion Btu or 2%, respectively. The price of a barrel of crude oil dropped 28%, the price of natural gas dropped 3%, and coal prices dropped 17%.

- *Renewable energy* – consumption of energy from renewable energy sources had mixed results. Energy consumption increased from wind (up 880 trillion Btu or 215%), solar (up 551 trillion Btu or 723%), and biofuels (up 134 trillion Btu or 3%), while hydroelectric and geothermal consumption decreased by 231 trillion Btu or 21%, and 2 trillion Btu or 2%, respectively. 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 for the industrial (up 2.3 quadrillion Btu or 11%) and commercial (up 496 trillion Btu or 12%) sectors. Conversely, consumption decreased across the residential sector (down 56 trillion Btu or 1%).

Over the past decade, we have increased our energy self-sufficiency, switching from net consumption of 16 quadrillion Btus of energy in 2011 to net production of 4 quadrillion Btus in 2021. During this period, our total production of all sources of energy increased, and we imported 32% 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	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Air							
Emissions (million metric tons of CO ₂ equivalents)	6,340	6,026	6,578	6,907	5%	(4)%	(8)%
Atmospheric CO ₂ (parts per million)	416.4	414.2	404.4	391.9	1%	3%	6%
Days reaching “unhealthy for sensitive groups” level or worse air quality ¹	666	630	702	1,251	6%	(5)%	(47)%
Air violations (facilities – fiscal year)	7,298	6,509	3,490	na	12%	109%	na
<i>Air violations as % of facilities with compliance monitoring activities</i>	<i>24%</i>	<i>22%</i>	<i>10%</i>	<i>na</i>	<i>2ppt</i>	<i>14ppt</i>	<i>na</i>
Water							
Water quality – sediment associated contaminant concentrations of largest pollutants (per liter of water): ²							
Silica	na	327.3	326.3	330.9	na	na	na
Dissolved organic carbon	na	10.8	10.5	8.3	na	na	na
Nitrogen	na	3.7	3.9	4.0	na	na	na
Nitrate plus nitrite	na	2.1	2.3	2.3	na	na	na
Drinking water violations (facilities)	38,853	38,472	41,455	60,376	1%	(6)%	(36)%
<i>Drinking water violations as % of facilities inspected</i>	<i>93%</i>	<i>107%</i>	<i>93%</i>	<i>106%</i>	<i>(14)ppt</i>	<i>—ppt</i>	<i>(13)ppt</i>
Other							
Hazardous waste violations (facilities)	4,325	3,988	6,036	na	8%	(28)%	na
Pesticide violations (number of federal violations)	1,491	1,247	1,142	1,421	20%	31%	5%

¹ 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 2021, 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 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 1963-2021.

Air

Emissions (CO₂ equivalents) fluctuated but ultimately decreased over the past decade. By emission type, carbon dioxide (CO₂) decreased 9%, methane emissions decreased 5%, and nitrous oxide decreased 3%, while fluorinated gas emissions increased 13%. Overall emissions decreased in the electricity and industry sectors by 28% and 1%, respectively, while the residential, commercial, transportation, and agriculture sectors increased by 5%, 3%, 2%, and 1%, 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). They have no significant natural sources and come almost entirely from human-related activities. These gases are typically emitted in smaller quantities, but they are potent and can have long atmospheric lifetimes – in some cases, lasting thousands of years.

Despite decreased emissions in the US, atmospheric CO₂ 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 almost by half when comparing 2021 to 2011, partially due to increased acres burned from wildfires in 2011. According to the National Centers for Environmental Information, “during 2011, drier than average conditions were observed from the western states across the southern tier of the country and into the Southeast. New Mexico, Texas, Arizona, and Minnesota all had record-breaking wildfires in 2011.” Of the 35 metropolitan areas tracked for unhealthy air, five increased over the decade, and three of those were on the west coast in Utah, Colorado, or Arizona. In 2021, the metro area with the highest number of unhealthy air days was Los Angeles (98 days, as compared to 120 days in 2011). The metro areas with the lowest number of unhealthy air days in 2021 were Columbus and Orlando each with no unhealthy air days, as compared to 21 and 12 unhealthy air days, respectively, in 2011. Unhealthy air days are generally caused by emissions from cars, trucks, buses, power plants, and industries, along with wildfires and woodstoves.

We have limited historical data on air violations. However, over the past five years, the number of air violations as a percentage of facilities with compliance monitoring activities increased 14 percentage points.

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 sediment associated contaminant concentrations were mixed, but improved overall for the decade, though levels of silica increased notably.

Regarding drinking water violations, the number of facilities inspected and the number of facilities with violations both decreased for the decade. Drinking water violations as a percentage of inspections have fluctuated but decreased for the decade, at 93% for 2021 as compared to 106% for 2011.

Agriculture

Calendar year, except as otherwise noted (In millions of metric tons, except for percentages or otherwise noted)	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Crops harvested (in millions of acres)	317	310	323	311	2%	(2)%	2%
<i>Crops harvested per 1,000 acres of cropland</i>	<i>943</i>	<i>942</i>	<i>961</i>	<i>948</i>	<i>—%</i>	<i>(2)%</i>	<i>(1)%</i>
Crop failures (in millions of acres)	10	11	7	13	(9)%	43%	(23)%
Domestic production of grains and soy (market year)	494	476	513	420	4%	(4)%	18%
Domestic consumption of grains and soy (market year)	395	385	394	353	3%	—%	12%
Excess of grains and soy production over consumption	99	90	119	67	10%	(17)%	48%
Domestic production of meat and poultry ¹	46	45	60	56	2%	(23)%	(18)%
Domestic consumption of meat and poultry ¹	40	40	52	47	—%	(23)%	(15)%
Excess of meat and poultry production over consumption ¹	6	5	8	9	20%	(25)%	(33)%

[†] 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 2021, 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 increased overall, while crops harvested per acre and crop failures decreased. 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. In the last 10 years, 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

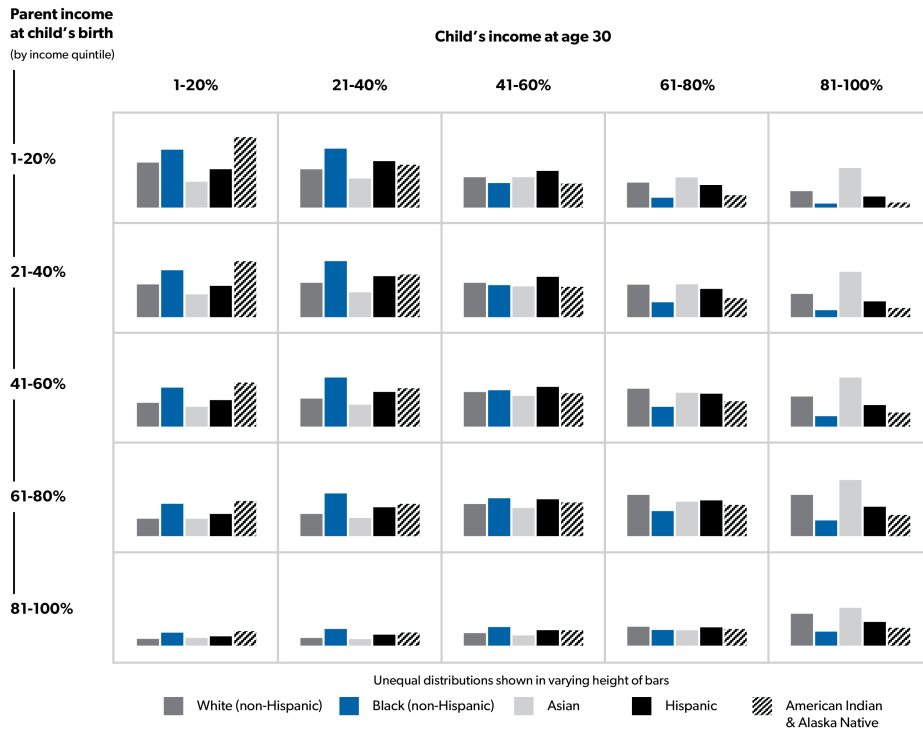
Our Government seeks to equalize economic mobility opportunity in the US, where each child has an equal opportunity to move to a higher income group than the one into which he or she is born. By income quintile (shown below), this would mean that every child would have a 20% chance of ending up in any quintile.

The chart below (from a study in March 2018 that linked data from the Census Bureau and the IRS, the latest data available) shows differences in economic mobility by race and ethnicity.⁷⁸ 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.

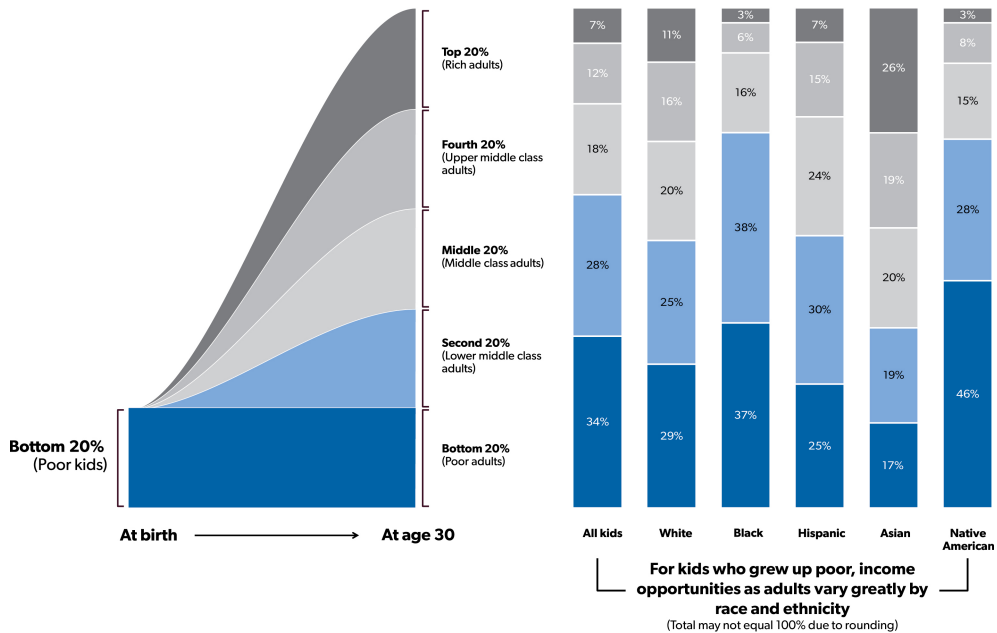
PART II
Item 7

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.

	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Hate crime incidents reported	10,891	9,952	6,270	6,299	9%	74%	73%
<i>Hate crime incidents reported (per 1 million people)</i>	<i>33</i>	<i>30</i>	<i>19</i>	<i>20</i>	<i>10%</i>	<i>74%</i>	<i>65%</i>
Equal employment charges (fiscal year)	61,331	67,448	91,503	99,947	(9)%	(33)%	(39)%
<i>Equal employment charges (per 1 million employees)</i>	<i>402</i>	<i>456</i>	<i>604</i>	<i>715</i>	<i>(12)%</i>	<i>(33)%</i>	<i>(44)%</i>
<i>Equal employment charges (per 1 million job openings)</i>	<i>4,898</i>	<i>5,292</i>	<i>6,949</i>	<i>8,595</i>	<i>(7)%</i>	<i>(30)%</i>	<i>(43)%</i>
Housing discrimination complaints (fiscal year)	7,543	5,998	8,385	9,354	26%	(10)%	(19)%
<i>Housing discrimination complaints per housing unit</i>	<i>53</i>	<i>43</i>	<i>62</i>	<i>71</i>	<i>23%</i>	<i>(15)%</i>	<i>(25)%</i>
Health discrimination investigations	1,531	1,533	na	3,897	—%	na	(61)%
<i>Health discrimination investigations per 1,000,000 people</i>	<i>5</i>	<i>5</i>	<i>na</i>	<i>13</i>	<i>—%</i>	<i>na</i>	<i>(62)%</i>

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Civil rights outcomes have been mixed over the past decade, however, overall reports of hate crimes increased for 2021 when compared to all prior years presented here and were the highest reported since 2001. When comparing 2021 to 2011, overall reports of hate crime incidents increased 73%. By bias motivation, the motivations with the largest rate increases were disability (up 141% or 90) and race, ethnicity, or ancestry (up 80% or 2,966).

Compared to a decade ago, equal employment charges decreased overall, and for most categories. Charges decreased for race, sex, national origin, religion, age, disability, equal pay, retaliation, and genetic information, while increasing for color of skin. By category of discrimination, the categories with largest rate decreases were religion (down 49% or 2,040), national origin (down 47% or 5,620), age (down 45% or 10,500), and race (down 41% or 14,487).

Housing discrimination complaints and health discrimination investigations can fluctuate significantly but both decreased compared to a decade ago, each in total and on a per unit basis. By category of discrimination for housing complaints, the category with the largest decrease was retaliation (down 58% or 497), and the category with the largest increase was color of skin (up 94% or 174).

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 the periods presented here), 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 was the highest since 1996 but was 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
<i>Rate of voting per registered voter</i>	<i>92%</i>	<i>87%</i>	<i>87%</i>	<i>90%</i>	<i>5ppt</i>	<i>5ppt</i>	<i>2ppt</i>

[†] 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 2021, 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;

PART II
Item 7

- 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.

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
<i>Rate of voting per registered voter</i>	<i>49%</i>	<i>39%</i>	<i>42%</i>	<i>44%</i>	<i>10ppt</i>	<i>7ppt</i>	<i>5ppt</i>

[†] 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 2021, 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 (the latest midterm election included within the periods presented here), resulting in overall growth for the decade.

The voting-age population was 250 million in the 2018 midterm elections, an increase of 4% over the previous midterms in 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 presented here, 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	2021	2020	2016	2011	Change 2021 vs. 2020	Change 2021 vs. 2016	Change 2021 vs. 2011
Volunteering rate	21%	na	na	27%	na	na	(6)%
Median volunteer hours per year	na	na	na	51	na	na	na
Total giving (in millions, tax year)	\$ 263,251	\$ 204,663	\$ 233,867	\$ 174,474	29%	13%	51%
<i>Total giving adjusted for inflation</i>	<i>\$ 263,251</i>	<i>\$ 214,278</i>	<i>\$ 264,038</i>	<i>\$ 210,178</i>	<i>23%</i>	<i>—%</i>	<i>25%</i>
Total giving per \$100,000 of AGI	\$ 185	\$ 165	\$ 229	\$ 210	12%	(19)%	(12)%

[†] 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 2021, 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.

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Volunteering

The proportion of Americans taking part in volunteer activities decreased over the past decade, among males and females and across all age groups and education levels. Volunteering in 2021 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 34, who volunteered at rates of 19% and 17%, respectively. 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 remained steady between 2010 and 2015 (the latest year for which we have information). In 2015, the most hours were worked by those ages 65 and older (decreasing 2% from 2010), while the least hours were worked by those ages 16 to 34 (decreasing 10% from 2010).

Philanthropy

Americans claimed \$263 billion in charitable deductions in tax year 2021, for an average of \$21,725 per tax return with claims. This is compared with \$174 billion in charitable deductions, or an average of \$4,617 per tax return, in tax year 2011. Charitable deductions increased in 2020 and 2021 after taking a dip in 2018 and 2019, potentially 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 number of associated tax returns in both 2021 and 2011 were those with AGI between \$100,001 and \$200,000, who claimed an aggregate of \$33 billion in charitable deductions in 2021, or an average of \$8,627 per tax return, and an aggregate of \$43 billion in 2011, or an average of \$3,886 per tax return; and
- the group with the greatest dollars claimed per tax return were those with AGI of \$10 million or more, who claimed an aggregate of \$98 billion in charitable deductions in 2021, or an average of \$2.5 million per tax return. This is compared to an aggregate of \$19 billion in 2011, or an average of \$1.7 million per tax return.

Financial condition⁵²

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

(In billions) Year Ended September 30,	2021	2020	2015	2010	2005	2000	1990	1980
As reported¹								
Cash, cash equivalents, and short-term investments	\$ 1,433	\$ 2,757	\$ 1,053	\$ 991	\$ 523	\$ 494	\$ 310	\$ 133
Total assets	\$ 28,373	\$ 27,240	\$ 20,946	\$ 17,274	\$ 13,045	\$ 10,209	\$ 5,566	\$ 2,866
Total liabilities	\$ 39,287	\$ 37,785	\$ 27,949	\$ 20,958	\$ 13,834	\$ 9,430	\$ 5,561	\$ 2,149
Net worth	\$ (10,914)	\$ (10,545)	\$ (7,003)	\$ (3,684)	\$ (789)	\$ 779	\$ 5	\$ 717
Adjusted for inflation^{1,2}								
Cash, cash equivalents, and short-term investments	\$ 1,433	\$ 2,849	\$ 1,186	\$ 1,216	\$ 721	\$ 771	\$ 642	\$ 443
Total assets	\$ 28,373	\$ 28,148	\$ 23,589	\$ 21,188	\$ 17,973	\$ 15,940	\$ 11,531	\$ 9,551
Total liabilities	\$ 39,287	\$ 39,045	\$ 31,476	\$ 25,706	\$ 19,060	\$ 14,724	\$ 11,520	\$ 7,161
Net worth	\$ (10,914)	\$ (10,897)	\$ (7,887)	\$ (4,518)	\$ (1,087)	\$ 1,216	\$ 11	\$ 2,390

¹ 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 we are showing 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 government-sponsored enterprises (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 using the CPI-U with a baseline year of 2021.

Liquidity and capital resources

Cash and other monetary assets

Our Government's cash and other monetary assets decreased \$1,323 billion or 47% in 2021 to \$1,468 billion, including \$475 billion of federal funds and \$993 billion of state and local funds.

Cash and other monetary assets decreased \$1,452 billion or 75% at the federal level, primarily relating to decreased unrestricted cash held by the Treasury for federal government-wide operations. The decrease in 2021 is due to Treasury maintaining an elevated cash balance in fiscal year 2020 to maintain prudent liquidity in light of the size and relative uncertainty of COVID-19 related outflows, combined with needing to reduce the cash balance to well under Treasury's prudent policy level at the end of fiscal year 2021 due to debt ceiling constraints. 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 increased \$129 billion or 15% at the state and local government level, reflecting increases across nearly all reported asset types.

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 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 \$898 billion or 17% in 2021 to \$6,285 billion. Of the total increase, state and local investments increased \$893 billion, while federal investments increased \$5 billion. At the state and local level, there was an \$826 billion increase in investments of pension assets, which are not considered liquid assets our Government can use for general operations, and an increase of \$67 billion related to non-pension assets. The increase in investments of pension assets was seen across nearly all reported asset types. See *Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 7 – Investments* 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 *Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 25 – Stewardship property, plant, and equipment* 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 80% and 91% of our Government's total revenues for 2021 and 2020, 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 9 – 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 21 – Commitments and Note 22 – Contingencies* for more information.

Debt

Total Government debt held by the public increased \$981 billion, or 4%, in 2021 to \$23,850 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 \$20,636 billion at September 30, 2021.

Foreign governments and other overseas entities top the list of holders of federal debt securities, owning \$7,571 billion or 37% of the total federal debt held by the public at September 30, 2021. That proportion has fluctuated over the years and was 52% in 2011 (the first year discussed in this MD&A). The biggest foreign holders of our federal government's debt in 2021 were Japan, holding \$1,300 billion or 6%, and Mainland China, with \$1,048 billion or 5% of the balance.

The second-largest category of holders of federal debt securities are American households and businesses, owning \$7,038 billion at September 30, 2021, or 34% 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 \$5,912 billion at September 30, 2021, as compared to \$1,665 billion at September 30, 2011, comprising 29% and 18%, respectively, of the total federal debt held by the public, as it sought to avoid recession and keep the economy growing. 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 \$3,214 billion at September 30, 2021.

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 \$6,232 billion in federal intergovernmental debt outstanding at September 30, 2021, 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 (\$2,854 billion) and Medicare (\$290 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 26 – 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, 2021:

(In billions)	2022	2023-2024	2025-2026	Thereafter	Total
Long-term debt: ¹					
Federal government Treasury securities principal payments ²	\$ 6,320	\$ 5,142	\$ 3,202	\$ 5,911	\$ 20,575
Federal government Treasury securities interest payments ²	271	444	339	1,683	2,737
State and local government principal payments ³	*	*	*	*	3,214
Federal government long-term operating leases ⁴	*	*	*	*	38
Federal undelivered orders ⁵	*	*	*	*	1,731
Federal other commitments ⁶	*	*	*	*	560
Total contractual obligations	\$ 6,591	\$ 5,586	\$ 3,541	\$ 7,594	\$ 28,855

* 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 13 – Debt and interest payable within this annual report.

² These amounts represent principal payments and estimates of the amounts due for interest on federal government debt obligations. We sourced this data from the September 2021 Monthly Statement of the Public Debt report from the Treasury (found at <https://fiscaldata.treasury.gov/datasets/monthly-statement-public-debt/summary-of-treasury-securities-outstanding>). We included all nonmarketable securities in, and eliminated all intergovernmental amounts from, the "Thereafter" column, as we don't have maturity information for these securities. See Note 13 – Debt and interest payable. We calculated the interest payments by multiplying 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, 2021, 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 2021 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, 2021 that require then-future use of financial resources. See Note 21 – 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, 2020, which represent the value of goods and services ordered that had not yet been received as of that date. See Note 21 – 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, 2021 that may require then-future use of financial resources. See Note 21 – 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, 2021 show net present values of estimated then-future net expenditures for Social Security, Medicare, and other social insurance programs of \$22.7 trillion, \$48.2 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 \$200 billion as of September 30, 2021. 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, 2021 and 2020, the debt subject to the Debt Limit was \$28.4 trillion and \$26.9 trillion, respectively. At September 30, 2021, the Debt Limit was \$28.4 trillion, while at September 30, 2020, there was no Debt Limit due to Congress' temporary suspension of it. During both fiscal years 2021 and 2020, 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, 2021, and 2020, the federal government had the top three 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 GDP (the debt-to-GDP ratio) is ultimately stable or declining. 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 \$23,850 billion at September 30, 2021, or 100% of GDP, an increase over 106% of GDP at September 30, 2020. Total federal debt (including intergovernmental debt) was 94% of GDP, while federal debt held by the public (excluding intergovernmental debt) was 87% of GDP at September 30, 2021.

The projections in the *Financial Report* at the end of 2021 indicate that the debt-to-GDP ratio was projected to reach 701% in 2096. The debt-to-GDP ratio rises continuously in great part because primary deficits (the total budget deficit excluding net payments) lead to higher levels of debt. Preventing the debt-to-GDP ratio from rising over the 75 years following 2021 was estimated by the Treasury to require some combination of spending reductions and revenue increases that amount to 6.2% of GDP over the projection period, an increase of 80 basis points from their 2020 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 Risk⁷⁹

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 2021, the year of focus for this 10-K, the US economy continued to rebound from disruptions related to the COVID-19 pandemic, supported by monetary and fiscal policy, substantial progress in vaccination, and broadly accommodative financing conditions. Asset valuation pressures have grown in several markets over the past year amidst an improvement in the macroeconomic outlook and low interest rates. Broad equity market indexes have reached record highs and corporate bond spreads remain at low levels by historical standards. In the residential real estate market, rapid price gains also reflect very strong demand. The rapid pace of the economic recovery this year was accompanied by growing pains, evidenced by supply problems or rising prices in many markets.

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 credit ratings for US sovereign debt published by the three largest credit rating agencies, Standard & Poor's, Moody's, and Fitch, were unchanged from the previous year at AA+, Aaa, and AAA. While Fitch reaffirmed its AAA rating of US sovereign debt, it revised its outlook in 2020 from stable to negative, citing the deterioration in US public finances and the absence of a credible fiscal consolidation plan.

Since early 2020, Congress has enacted several rounds of fiscal assistance to help mitigate the impact of COVID-19 and enable a robust recovery. These programs, which totaled \$5.8 trillion through September 2021, have pushed the primary deficit and the amount of public debt outstanding to recent highs. 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 101% of GDP in 2021. 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 1. Purpose and Function of Our Government / Other related entities / The Federal Reserve* within this report.

In 2020, the Federal Reserve and Treasury undertook a series of extraordinary measures beginning in March to contain the financial fallout from the pandemic. The Federal Reserve lowered the target federal funds rate to near zero and substantially increased purchases of Treasuries and agency MBS to ease trading pressures. This near zero target rate remained through 2021.

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 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.

As COVID-19 spread in early 2020 and financial market strains intensified, investors sought the safety of the dollar, generating a sharp rise in the value of the nominal trade-weighted dollar. The nominal trade-weighted dollar appreciated 10% from the beginning of the year to its peak on March 23, 2020—with the bulk of this move occurring in March as countries imposed sweeping restrictions on their national economies. Among the currencies weakening sharply against the dollar during this period, the British pound depreciated 13%, the Australian dollar 18%, the Brazilian real 22%, and the Mexican peso 25%. Following sudden financial market strains in early 2020 and subsequent extraordinary actions taken by central banks and governments, pressure on the dollar subsided for the remainder of the year. The nominal broad trade-weighted dollar depreciated by 7.3% in the second half of 2020, weakening against both advanced economy and emerging market currencies. The dollar strengthened 3.1% on a nominal trade-weighted basis over the first nine months of 2021, including against both advanced economy and emerging market currencies.

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.

The US equity market entered 2020 on the heels of one of its best annual gains in the last two decades. US stocks continued to hit new highs at the start of 2020. However, as COVID-19 intensified and spread to Europe—and the economic impact of sustained lockdown measures became apparent—risk sentiment took a sharply negative turn. Between February 19 and March 23, 2020, the S&P 500 fell by 34%, with industries most directly affected by the virus, such as air carriers, cruise lines, and energy producers, leading the decline in US stocks. During the March 2020 sell-off, the Chicago Board Options Exchange VIX—a measure of implied stock market volatility conveyed by options prices—spiked to a level exceeding that which was seen during the 2008 financial crisis, reaching 83 in mid-March after entering the year at 14. Realized stock market volatility also exceeded 2008 levels, with the S&P 500 falling by nearly 12% on March 16, 2020, its largest one-day drop since 1987. By the end of March, risk sentiment began to improve amid unprecedented policy easing. Improved market functioning and a rebound in economic activity in the third quarter of 2020 helped propel the broad-based recovery in global stocks. As of September 30, 2020, the S&P 500 was up 4.1% on the year. At the sector level, the recovery was driven primarily by large-cap tech stocks, which analysts viewed as among the main beneficiaries of changing consumer and business behaviors.

US equity prices increased significantly in 2021. The gains were driven by strong earnings results, reassessments of the potential for future earnings growth, historically low interest rates, supportive monetary and fiscal policies, and a more positive economic outlook. The strong pace of initial public offerings, including the increased use of special purpose acquisition companies, also signaled increased investor risk appetite in US equity markets. By September 30, 2021, the S&P 500 was up 15% since the beginning of the year. Realized equity market volatility largely stayed within typical pre-pandemic levels. However, option-implied volatility remained elevated relative to pre-pandemic levels through the first nine months of 2021, a potential sign of forward-looking uncertainty by investors.

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.

Commodity prices increased significantly in 2021 amid the manufacturing-led global economic recovery. Higher commodity prices likely fed into elevated readings of the US Producer Price Index. Factors that drove higher commodity prices include significant weather events, China's engagement and disengagement in acquiring large quantities of agriculture and metal commodities, supply chain bottlenecks, and labor shortages.

In the months leading up to the COVID-19 pandemic, crude oil prices were trending upwards due to more positive economic conditions and a thawing in global trade tensions. In late-January, crude oil prices began trending lower, as investors anticipated lower Chinese demand amid the COVID-19-related lockdowns and travel restrictions. The decline in crude oil prices rapidly accelerated in March as global demand collapsed and Saudi Arabia and Russia failed to reach an agreement on production cuts. By March 30, WTI fell to a seventeen-year low of \$14 per barrel. By April 2020, global demand for liquid fuel fell to an estimated 81 million barrels per day, while global production remained fairly constant at 100 million barrels per day. The resulting growth in crude oil inventories led to concerns that oil production in the US midcontinent could overwhelm storage capacity in the trading hub of Cushing, Oklahoma. In light of these storage constraints, the front-month WTI oil futures contract began trading negative for the first time in history, settling to a record low -\$38 per barrel on April 20, 2020. WTI futures quickly returned to positive levels, however, as it became clear that regional facilities were likely adequate to manage near-term oil storage needs. In May, WTI oil prices rebounded sharply and later stabilized around \$40 per barrel amid sustained production cuts by the Organization of Petroleum Exporting Countries and its partner countries, declining US crude supplies, and recovering demand. Brent crude oil prices fluctuated 117% in 2021 between \$36 and \$79 per barrel.

Precious metals prices have been volatile since the onset of the COVID-19 pandemic. Silver, platinum, and palladium rallied in late 2020 and early 2021 and then generally retraced those gains. Gold remained relatively range-bound over the past year, after having significant bouts of volatility in 2020. Base metal prices rebounded over the past year and are now generally above pre-pandemic levels.

In the second half of 2020 and the first half of 2021, prices for many agricultural commodities rose sharply: poor weather in the US and South America reduced supply and export demand for US products was strong. Production in the US agricultural sector was diminished greatly during 2021 by drought, extreme heat, and wildfires. South America also experienced poor weather conditions, disrupting production of crops including coffee, corn, sugarcane, and oranges. Lumber producers have struggled to meet demand amidst these weather conditions. Wildfires in Western Canada and the Pacific Northwest have destroyed softwood timber frequently used by mills that supply US homebuilders. In addition to wildfires, the lumber supply change has been challenged by labor shortages over the past year. Livestock prices have appreciated considerably over the past year.

Item 8. Financial Statements and Supplementary Data

Combined functional income statements

(In billions) Fiscal Year	2021	2020	2016	2011
Tax revenues	\$ 6,059	\$ 5,209	\$ 4,751	\$ 3,577
Non-tax revenues	1,548	543	347	701
Total revenue	<u>7,607</u>	<u>5,752</u>	<u>5,098</u>	<u>4,278</u>
Transfer payments to individuals other than personnel and subsidies	4,682	4,283	2,828	2,357
Compensation for personnel past and present	1,895	1,820	1,573	1,414
Payments to others for goods and services	1,339	1,604	678	731
Capital expenditures	668	670	498	527
Net interest paid	423	404	314	297
Other expense (income)	132	73	(26)	(30)
Total expenditures	<u>9,139</u>	<u>8,854</u>	<u>5,865</u>	<u>5,296</u>
Net deficit	<u>\$ (1,532)</u>	<u>\$ (3,102)</u>	<u>\$ (767)</u>	<u>\$ (1,018)</u>

Combined segment income statements

(In billions) Fiscal Year	2021	2020	2016	2011
Tax revenues	\$ 6,059	\$ 5,209	\$ 4,751	\$ 3,577
Non-tax revenues	1,548	543	347	701
Total revenues	<u>7,607</u>	<u>5,752</u>	<u>5,098</u>	<u>4,278</u>
Establish justice and ensure domestic tranquility expenditures	508	523	427	381
Provide for the common defense expenditures	1,054	1,030	828	893
Promote the general welfare expenditures	3,215	3,093	1,374	1,245
Secure the blessings of liberty to ourselves and our posterity expenditures	3,981	3,927	3,100	2,633
General government and other expenditures	381	281	136	144
Total expenditures	<u>9,139</u>	<u>8,854</u>	<u>5,865</u>	<u>5,296</u>
Net deficit	<u>\$ (1,532)</u>	<u>\$ (3,102)</u>	<u>\$ (767)</u>	<u>\$ (1,018)</u>

See accompanying notes.

Combined balance sheets

(In billions)	2021	2020
Assets		
Cash and other monetary assets (Note 2)	\$ 1,468	\$ 2,791
Accounts receivable, net (Note 3)	845	719
Loans receivable, net (Note 4)	1,901	1,820
Inventory and related property, net (Note 5)	399	382
General property, plant, and equipment, net (Note 6)	14,452	13,319
Investments (Note 7)	6,285	5,387
Investments in special purpose vehicles (Note 8)	26	108
Investments in government-sponsored enterprises (Note 9)	221	109
Advances and prepayments (Note 10)	369	219
Other assets (Note 11)	40	42
Total assets	<u>\$ 26,006</u>	<u>\$ 24,896</u>
Stewardship property, plant, and equipment (Note 25)		
Liabilities and equity		
Accounts payable (Note 12)	\$ 1,256	\$ 1,177
Debt and interest payable (Note 13)	23,850	22,869
Employee and veteran benefits payable (Note 14)	19,458	18,427
Environmental and disposal liabilities (Note 15)	613	603
Benefits due and payable (Note 16)	274	256
Insurance and guarantee program liabilities (Note 17)	130	199
Advances from others and deferred revenue (Note 18)	202	174
Loan guarantee liabilities (Note 4)	231	520
Other liabilities (Note 19)	677	394
Total liabilities	<u>46,691</u>	<u>44,619</u>
Commitments (Note 21) and contingencies (Note 22)		
Accumulated deficit	<u>(20,685)</u>	<u>(19,723)</u>
Total liabilities and accumulated deficit	<u>\$ 26,006</u>	<u>\$ 24,896</u>

See accompanying notes.

Notes to financial statements

General note on sources

Federal government

Federal government amounts and the related text within Notes 2 through 24 and Notes 27 through 31 below were copied from the 2021 United States (US) 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 *Exhibit 99.01* within this report for more information on our financial statement sources;
- *Note 20 – 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 25 – Social insurance* and *Note 26 – 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 information in *Note 9 – Investments in government-sponsored enterprises* of the *Financial Report* by providing the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) balance sheets (obtained from their respective Form 10-Ks) and in *Note 27 – Stewardship property, plant, and equipment* of the *Financial Report* by providing tables that show revenues generated from federally owned land, including stewardship land (see source in *Note 25 – Stewardship property, plant, and equipment* below).

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 26 – Intergovernmental transfers*) and certain revenues and expenditures have been netted (see *Note 27 – 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 20 – Prior-period adjustments*.

Note 2 – Cash and other monetary assets

(In billions)	2021	2020
Federal	\$ 475	\$ 1,927
State and local	993	864
Total cash and other monetary assets	\$ 1,468	\$ 2,791

Federal government

(In billions)	2021	2020
Unrestricted cash		
Cash held by Treasury for federal government-wide operations	\$ 198	\$ 1,770
Other	6	5
Restricted cash	46	41
Total cash	250	1,816
International monetary assets	197	83
Other monetary assets	28	28
Total cash and other monetary assets	\$ 475	\$ 1,927

Unrestricted cash includes cash held by the Department of the Treasury (Treasury) for government-wide 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 Treasury decreased by \$1,571 billion (a decrease of approximately 89%) in fiscal year 2021 due to Treasury maintaining an elevated cash balance in fiscal year 2020 to maintain prudent liquidity in light of the size and relative uncertainty of COVID-19 related outflows, combined with needing to reduce the cash balance to well under Treasury's prudent policy level at the end of fiscal year 2021 due to debt ceiling constraints.

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 executes Foreign Military Sales. The SAA included \$39 billion and \$34 billion as of September 30, 2021, and 2020, respectively.

International monetary assets include the US reserve position in the International Monetary Fund (IMF) and US holdings of Special Drawing Rights (SDR). The US reserve position in the IMF had a US dollar equivalent of \$33 billion and \$31 billion as of September 30, 2021, and 2020, 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 \$83 billion and \$85 billion as of September 30, 2021, and 2020 respectively. The total amount of SDR holdings of the US was the equivalent of \$164 billion and \$52 billion as of September 30, 2021, and 2020, respectively. This increase was due to Treasury receiving an additional 80 billion SDR valued at \$113 billion in response to the global economic stress caused by the COVID-19 pandemic. For more information regarding the US participation in the IMF and SDR, see Treasury's financial statements and *Note 28 – Disclosure entities and related parties*.

State and local government

(In billions)	2021	2020
Non-pension		
Time and savings deposits	\$ 392	\$ 430
Security repurchase agreements	184	174
Money market fund shares	47	38
Checkable deposits and currency	297	167
Total non-pension cash and other monetary assets	\$ 920	\$ 809
Pension		
Money market fund shares	\$ 21	\$ 27
Other	52	28
Total pension cash and other monetary assets	\$ 73	\$ 55
Total cash and other monetary assets	\$ 993	\$ 864

Note 3 – Accounts receivable, net

(In billions)	2021	2020
Federal	\$ 401	\$ 321
State and local	444	398
Total accounts receivable, net	\$ 845	\$ 719

Federal government

(In billions)	2021	2020
Taxes receivable		
Taxes receivable, gross	\$ 508	\$ 442
Allowance for uncollectible amounts	(197)	(199)
Taxes receivable, net	\$ 311	\$ 243
Other accounts receivable		
Other accounts receivable, gross	\$ 141	\$ 113
Allowance for uncollectible amounts	(51)	(35)
Other accounts receivable, net	\$ 90	\$ 78
Total accounts receivable, net	\$ 401	\$ 321

Taxes receivable is listed first above due to being the significant portion of total accounts receivable, and the rest are referred to as other accounts receivable. Other accounts receivable, gross includes related interest receivable of \$3 billion and \$3 billion as of September 30, 2021, and 2020, respectively.

Treasury comprises approximately 76% of the federal government's reported accounts receivable, net, as of September 30, 2021. Treasury accounts for nearly all the reported taxes receivable, which consist of unpaid assessments due from taxpayers, unpaid taxes related to Internal Revenue Code (IRC) section 965, and deferred payments resulting from the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). Examples of unpaid assessments are the filing of a tax return without sufficient payment or a court ruling in favor of the Internal Revenue Service (IRS). Section 965(h) of the IRC requires taxpayers who are shareholders of certain specified foreign corporations to pay a transition tax on foreign earnings as if those earnings had been repatriated to the US. IRC 965(h) allows taxpayers to elect to pay their tax on an eight-year installment schedule. Pursuant to the CARES Act, employers can defer payment, without penalty, of their portions of the Social Security segment of the *Federal Insurance Contributions Act* (FICA) and the employer's and employee representative's share of the Railroad Retirement Tax. Treasury experienced a year to year increase of \$67 billion principally due to the two-year payment deferral of FICA Social Security taxes.

Other accounts receivable, gross increased significantly year to year, primarily as a result of the Department of Labor's (DOL) \$19 billion increase in benefit overpayments from programs related to COVID-19. Another substantial factor in the overall change was a \$7 billion increase in the Department of Health and Human Services (HHS) receivables primarily due to Medicare.

The following entities are the main contributors to the federal government's reported accounts receivable, net as of September 30, 2021. Refer to each entity's financial statements for additional information: Treasury, HHS, the Department of Homeland Security (DHS), the Social Security Administration (SSA), DOL, the Department of the Interior (DOI), the Department of Defense (DOD), the US Department of Agriculture (USDA), the Department of Veterans Affairs (VA), the Pension Benefit Guaranty Corporation (PBGC), the Department of Energy (DOE), the Office of Personnel Management (OPM), the Tennessee Valley Authority (TVA), the Federal Deposit Insurance Corporation (FDIC), Department of Housing and Urban Development (HUD), the United States Postal Service (USPS), the National Credit Union Administration (NCUA), and the Federal Communications Commission.

State and local government

(In billions)	2021	2020
Accounts receivable, net	\$ 253	\$ 215
Taxes receivable, net	191	183
Total accounts and taxes receivable, net	\$ 444	\$ 398

Note 4 – Loans receivable, net and loan guarantee liabilities

Loans receivable

(In billions)	2021	2020
Federal	\$ 1,629	\$ 1,556
State and local	272	264
Total loans receivable	\$ 1,901	\$ 1,820

Loan guarantee liabilities

(In billions)	2021	2020
Federal	\$ 231	\$ 520
State and local	—	—
Total loan guarantee liabilities	\$ 231	\$ 520

Federal government

Loans receivable, net

(In billions)	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Subsidy Cost Allowance	Loans Receivable, Net	Subsidy Expense (Income) for the Fiscal Year
2021						
Federal Direct Student Loans – Education	\$ 1,292	\$ 87	\$ —	\$ (274)	\$ 1,105	\$ 94
Disaster Assistance Loans – SBA	249	8	—	(13)	244	3
Federal Family Education Loans – Education	82	24	—	(48)	58	1
All other programs	235	22	2	(37)	222	—
Total loans receivable	\$ 1,858	\$ 141	\$ 2	\$ (372)	\$ 1,629	\$ 98

(In billions)	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Subsidy Cost Allowance	Loans Receivable, Net	Subsidy Expense (Income) for the Fiscal Year
2020						
Federal Direct Student Loans – Education	\$ 1,225	\$ 92	\$ —	\$ (216)	\$ 1,101	\$ 101
Disaster Assistance Loans – SBA	185	2	—	(6)	181	6
Federal Family Education Loans – Education	85	24	—	(42)	67	2
All other programs	224	21	2	(40)	207	1
Total loans receivable	\$ 1,719	\$ 139	\$ 2	\$ (304)	\$ 1,556	\$ 110

Loans receivable consists primarily of direct loans disbursed by the federal government, receivables related to guaranteed loans that have defaulted, and certain receivables for guaranteed loans that the federal government has purchased from lenders. Direct loans 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.

The amount of the long-term cost of post-1991 direct loans equals the subsidy cost allowance for direct loans as of September 30. The amount of the long-term cost of pre-1992 direct loans equals the allowance for subsidy amounts (or present value (PV) allowance) for direct loans. The long-term cost is based on all direct loans disbursed in this fiscal year and previous years that are outstanding as of September 30. It includes the subsidy cost of these direct loans estimated as of the time of loan disbursement and subsequent adjustments such as modifications, reestimates, amortizations, and write-offs.

Loans receivable, net 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 compensation for losses that the federal government sustained under post-1991 loan guarantees. Please refer to the financial statements of HUD, USDA, and VA for additional information regarding foreclosed property.

The total subsidy expense/(income) is the cost recognized during the fiscal year. It consists of the subsidy expense/(income) incurred for direct loans disbursed during the fiscal year, for modifications made during the fiscal year of direct loans outstanding, and for upward or downward reestimates as of the end of the fiscal year. This expense/(income) is included in the Statements of Net Cost.

Loans receivable programs

The majority of loans receivable programs are provided by the Department of Education (Education), Small Business Administration (SBA), USDA, and HUD. For additional information regarding the direct loan programs listed in the tables above, please refer to the financial statements of the entities.

Education has loan programs that are authorized by Title IV of the *Higher Education Act of 1965*. The William D. Ford Federal Direct Loan Program (referred to as the Direct Loan Program), was established in fiscal year 1994 and offered four types of educational loans: Stafford, Unsubsidized Stafford, Parent Loan for Undergraduate Students, and consolidation loans. With this program, the federal government makes loans directly to students and parents through participating institutions of higher education. Education disbursed approximately \$105 billion in direct loans to eligible borrowers in fiscal year 2021 and approximately \$117 billion in fiscal year 2020. The COVID-19 relief legislation and administrative actions provided support for student loan borrowers by temporarily suspending nearly all federal student loan payments interest free. In addition, all federal wage garnishments and collections actions for borrowers with federally held loan in default were halted.

The SBA makes loans to microloan intermediaries and provides a direct loan program that assists homeowners, renters and businesses recover from disasters. The CARES Act provides funding for SBA to offer low-interest Economic Injury Disaster Loans (EIDL) for working capital to small businesses suffering substantial economic injury as a result of COVID-19 that can be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster's impact. These receivables increased to \$245 billion during fiscal year 2021, stemming from a \$63 billion increase in COVID-19 EIDLs.

Loan guarantee liabilities

(In billions)	Loan Guarantee Liabilities		Principal Amount of Loans Under Guarantee		Principal Amount Guaranteed by the US		Subsidy Expense (Income) for the Fiscal Year	
	2021	2020	2021	2020	2021	2020	2021	2020
Federal Housing Administration Loans – HUD	\$ (18)	\$ (6)	\$ 1,504	\$ 1,544	\$ 1,344	\$ 1,380	\$ (25)	\$ (21)
Veterans Housing Benefit Programs – VA	11	7	862	816	218	206	1	(2)
Small Business Loans – SBA	228	513	460	646	435	622	297	527
All other guaranteed loan programs	10	6	325	351	308	332	7	(3)
Total loan guarantee liabilities	\$ 231	\$ 520	\$ 3,151	\$ 3,357	\$ 2,305	\$ 2,540	\$ 280	\$ 501

Loan guarantee programs are also 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 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 loan guarantees outstanding equals the liability for loan guarantees as of September 30. The amount of the long-term cost of pre-1992 loan guarantees equals the allowance for subsidy amounts (or PV allowance) and the liability for loan guarantees. The long-term cost is based on all guaranteed loans disbursed in this fiscal year and previous years that are outstanding as of September 30. It includes the subsidy cost of the loan guarantees

estimated as of the time of loan disbursement and subsequent adjustments such as modifications, reestimates, amortizations, and write-offs.

The total subsidy expense/(income) is the cost of loan guarantees recognized during the fiscal year. It consists of the subsidy expense/(income) incurred for guaranteed loans disbursed during the fiscal year, for modifications made during the fiscal year of loan guarantees outstanding, and for upward or downward reestimates as of the end of the fiscal year of the cost of loan guarantees outstanding. This expense/(income) is included in the Statements of Net Cost.

Loan guarantee liability programs

The majority of the loan guarantee programs are provided by HUD, VA, and SBA. For additional information regarding the guaranteed loan programs listed in the tables above, please refer to the financial statements of the entities.

HUD's Office of Housing promotes equal housing opportunities. It includes Federal Housing Administration (FHA) who provides mortgage insurance on mortgages for single family mortgage loans made by FHA-approved lenders and strives to meet the needs of many first-time and minority homebuyers who, without the FHA guarantee, may find mortgage credit to be unaffordable or simply unavailable.

VA operates the following loan guarantee programs: Housing Guaranteed Loans and Loan Sale Guarantees. The Home Loans program provides loan guarantees to veterans, service members, qualifying dependents, and limited non-veterans to purchase homes and retain homeownership with favorable market terms. During fiscal year 2021, the face value of outstanding principal on loans guaranteed by the VA increased by \$46 billion. This increase was primarily due to \$395 billion in new loans guaranteed by the VA, partially offset by \$225 billion in guaranteed loan terminations.

The SBA provides guarantees that help small businesses obtain bank loans and licensed companies to make investments in qualifying small businesses. The loan guarantee Paycheck Protection Program (PPP) provides loan forgiveness for amounts used for eligible expenses for payroll and benefit costs, interest on mortgages, and rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. The loan guarantee liability for Small Business Loan Programs which includes the PPP decreased by \$285 billion due to PPP loan forgiveness that started taking place in fiscal year 2021.

For additional information regarding the CARES Act refer to the financial statements of SBA, Education, HUD and *Note 30 – COVID-19 activity*.

State and local government

(In billions)	2021	2020
Loans (mortgages)	\$ 265	\$ 256
Loans (mortgages) – pensions	7	8
Total loans receivable and loan guarantee liabilities	\$ 272	\$ 264

Note 5 – Inventory and related property, net

(In billions)	2021	2020
Federal	\$ 399	\$ 382
State and local	—	—
Total inventory and related property, net	\$ 399	\$ 382

Federal government

(In billions)	2021	2020
Operating materials and supplies held for use	\$ 158	\$ 149
Inventory and operating material and supplies held for repair	77	58
Inventory held for current sale	72	70
Stockpile materials held in reserve for future use	59	55
Operating materials and supplies held in reserve for future use	29	43
Other inventory and related property	13	17
Allowance for loss	(9)	(10)
Total inventory and related property, net	\$ 399	\$ 382

Inventory is tangible personal property that is either held for sale, in the process of production for sale, or to be consumed in the production of goods for sale or in the provision of services for a fee.

Operating materials and supplies held for use are tangible personal property to be consumed in normal operations. DOD followed Statement of Federal Financial Accounting Standards (SFFAS) No. 21, *Reporting Corrections of Errors and Changes in Accounting Principles* and corrected fiscal year 2020 errors identified during the standalone audits of twenty-six component entities. As a result, fiscal year 2020 Operating materials and supplies held for use has been restated to reflect the increase of \$2 billion reported by DOD.

Inventory and operating materials and supplies held for repair are items that require servicing to make them suitable for sale or use. Inventory held for repair may be treated in one of two ways: the allowance method or the direct method. Under the allowance method, inventory held for repair is valued at the same value as a serviceable item. Under the direct method, inventory held for repair is valued at the same value as a serviceable item less the estimated repair costs.

Inventory held for current sale includes items currently for sale or transfer to either entities outside the federal government, or other federal entities.

Stockpile materials are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or local/national emergencies. Refer to the financial statements of DOD, DOE and HHS for additional information regarding stockpile materials.

Before selling any stockpile material, Congress must enact specific enabling legislation. When stockpile material is authorized to be sold federal entities reclassify the material from held in reserve to held for sale and disclose as stockpile material held for sale.

Operating materials and supplies held in reserve for future use are items maintained because they are not readily available in the market or because there is more than a remote chance that they will eventually be needed.

DOD comprises approximately 82% of the federal government's inventory and related property, net, as of September 30, 2021.

The following entities are the main contributors to the federal government's reported inventory and related property, net of \$399 billion as of September 30, 2021. Refer to each entity's financial statements for additional information: DOD, DOE, Treasury, HHS, and DHS.

State and local government

Based on our review of specific Comprehensive Annual Financial Reports, we know that the state governments do have inventory 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 – General property, plant, and equipment, net

(In billions)	2021	2020
Federal	\$ 1,177	\$ 1,140
State and local	13,275	12,179
Total general property, plant, and equipment, net	\$ 14,452	\$ 13,319

Federal government

(In billions)	2021			2020		
	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net
Furniture, fixtures, and equipment	\$ 1,424	\$ 846	\$ 578	\$ 1,391	\$ 810	\$ 581
Buildings, structures, and facilities	674	381	293	792	488	304
Construction in progress	244	na	244	201	na	201
Other general property, plant, and equipment	117	55	62	109	55	54
Total general property, plant, and equipment, net	\$ 2,459	\$ 1,282	\$ 1,177	\$ 2,493	\$ 1,353	\$ 1,140

^{na} An "na" reference in the table means the data is not-applicable.

DOD comprises approximately 69% of the federal government's reported general Property, Plant, and Equipment (PP&E), as of September 30, 2021. DOD continues to implement SFFAS No. 50, *Establishing Opening Balances for General Property, Plant, and Equipment*, which permits alternative methods in establishing opening balances for general PP&E and has elected to exclude land and land rights. The total acreage excluded was 23,566,363 as of September 30, 2021 and 23,521,368 as of September 30, 2020. DOD followed SFFAS No. 21, *Reporting Corrections of Errors and Changes in Accounting Principles* and corrected fiscal year 2020 errors identified during the standalone audits of 26 component entities. As a result, fiscal year 2020 total PP&E is restated to reflect the decrease of \$5 billion reported by DOD for the net book value of buildings, structures, facilities, construction-in-progress, and other general PP&E.

The following entities are the main contributors to the federal government's reported general PP&E net of \$1,177 billion as of September 30, 2021. Please refer to each entity's financial statements for additional information: DOD, DOE, General Services Administration (GSA), Department of Commerce (DOC), Treasury, HHS, DOI, USPS, DHS, USDA, SSA, National Aeronautics and Space Administration (NASA), VA, TVA, Department of State (State), Department of Justice (DOJ), and Department of Transportation (DOT).

Certain PP&E are multi-use heritage assets, see Note 25 – *Stewardship property, plant, and equipment* for additional information on multi-use heritage assets.

State and local government

(In billions)	2021	2020
Structures	\$ 12,836	\$ 11,759
Equipment	271	259
Intellectual property	168	161
Total general property, plant, and equipment, net	\$ 13,275	\$ 12,179

Note 7 – Investments

(In billions)	2021	2020
Federal	\$ 135	\$ 130
State and local	6,150	5,257
Total investments	\$ 6,285	\$ 5,387

Federal government

PBGC, National Railroad Retirement Investment Trust (NRRIT), TVA, and Smithsonian Institution 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 federal government's consolidated financial statements without conversion to accounting and reporting standards issued by the Federal Accounting Standards Advisory Board (FASAB). PBGC, NRRIT, and TVA also hold investments in Treasury securities which are not included in the above tables, as such investments are eliminated in consolidation.

In fiscal year 2021, a change in presentation occurred to provide clarity and traceability. The investment table reports security level detail using fair value measurement by entity and the table reporting securities as held-to-maturity, available-for-sale, and trading securities was removed.

DOD restated their fiscal year 2020 other investments to \$11 billion due to the investments being understated by \$8 billion previously. The correction was due to recording of the value of real property non-cash assets conveyed under long-standing Military Housing Privatization Initiative (MHPI) agreements, generally at the beginning of the individual agreement.

PBGC ensures pension benefits of participants in covered single-employer and multiemployer defined benefit pension plans and values its financial assets at estimated fair value consistent with the standards issued by FASB for pension plans. PBGC's investments are used to pay future benefits of covered participants.

NRRIT on behalf of the Railroad Retirement Board (RRB), manages and invests railroad retirement assets that are to be used to pay retirement benefits to the nation's railroad workers under the Railroad Retirement Program. As an investment company, NRRIT is subject to accounting standards for investment companies issued by FASB.

TVA's investments consist of amounts held in the Nuclear Decommissioning Trust, Asset Retirement Trust, Supplemental Executive Retirement Plan, and Deferred Compensation Plan. TVA's qualified benefit pension plan is funded with qualified plan assets.

Treasury's investments consist of foreign currency holdings invested in interest bearing securities issued or held through foreign governments or monetary authorities and include held-to-maturity debt and equity securities that are valued at net investment.

Certain other investments reported by DOD represent joint ventures with private developers constructing or improving military housing on behalf of the department.

Please refer to PBGC, NRRIT, TVA, Treasury, DOD, and Smithsonian's financial statements for additional information on these investments and fair value measurement.

Fair Value Measurement

Investments are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB Accounting Standards Codification (ASC) Topic 820. 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 would take place 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 – this category is not part of the fair value hierarchy and contains certain investments that are measured at fair value using the Net Asset Value (NAV) per share useful method, joint ventures, and held to maturity debt securities measured at amortized cost. Please refer to PBGC, NRRIT, and TVA's financial statements for additional information on investments priced by NAV share (or its equivalent) practical expedient and DOD's financial statements for additional information about joint ventures.

(In billions)	Level 1	Level 2	Level 3	Other	Total
As of September 30, 2021					
Pension Benefit Guaranty Corporation:					
Asset backed/mortgage backed securities	\$ —	\$ 9	\$ —	\$ —	\$ 9
Corporate bonds and other	—	24	—	—	24
International fixed maturity securities	—	8	—	—	8
Equity securities	2	—	—	13	15
Pooled funds	—	—	—	6	6
Real estate and real estate investment trusts	2	—	—	1	3
Other securities	—	7	—	3	10
Total Pension Benefit Guaranty Corporation	4	48	—	23	75
National Railroad Retirement Investment Trust:					
U.S. equity	8	—	—	—	8
Non-U.S. equity	7	—	—	—	7
Private equity	—	—	—	4	4
Global fixed income	—	3	—	—	3
Global real assets	1	—	—	2	3
Absolute return mandates	—	—	—	1	1
Opportunistic mandates	—	—	—	1	1
Total National Railroad Retirement Investment Trust	16	3	—	8	27
Tennessee Valley Authority:					
Commingled funds measured at net asset value	—	—	—	3	3
Equity securities	2	—	—	—	2
Corporate debt securities	—	2	—	—	2
Private equity measured at net asset value	—	—	—	2	2
Private real assets measured at net asset value	—	—	—	1	1
Other securities	1	1	—	1	3
Total Tennessee Valley Authority	3	3	—	7	13
Department of the Treasury	5	—	—	—	5
Department of Defense	—	—	—	11	11
Smithsonian Institution	1	—	—	2	3
All Other	—	—	—	1	1
Total investments	\$ 29	\$ 54	\$ —	\$ 52	\$ 135

PART II
Item 8

(In billions)	Level 1	Level 2	Level 3	Other	Total
As of September 30, 2020					
Pension Benefit Guaranty Corporation:					
Asset backed/mortgage backed securities	\$ —	\$ 5	\$ —	\$ —	\$ 5
Corporate bonds and other	—	21	—	—	21
International fixed maturity securities	—	9	—	—	9
Equity securities	3	1	—	20	24
Pooled funds	—	—	—	1	1
Real estate and real estate investment trusts	1	—	—	1	2
Other securities	—	10	—	3	13
Total Pension Benefit Guaranty Corporation	4	46	—	25	75
National Railroad Retirement Investment Trust:					
U.S. equity	6	—	—	—	6
Non-U.S. equity	6	—	—	—	6
Private equity	—	—	—	3	3
Global fixed income	—	4	—	—	4
Global real assets	1	—	—	2	3
Absolute return mandates	—	—	—	2	2
Total National Railroad Retirement Investment Trust	13	4	—	7	24
Tennessee Valley Authority:					
Commingled funds measured at net asset value	—	—	—	2	2
Equity securities	2	—	—	—	2
Corporate debt securities	—	2	—	—	2
Private equity measured at net asset value	—	—	—	1	1
Private real assets measured at net asset value	—	—	—	1	1
Other securities	1	1	—	1	3
Total Tennessee Valley Authority	3	3	—	5	11
Department of the Treasury	6	—	—	—	6
Department of Defense	—	—	—	11	11
Smithsonian Institution	—	—	—	2	2
All Other	—	—	—	1	1
Total investments	\$ 26	\$ 53	\$ —	\$ 51	\$ 130

State and local government

(In billions)	2021	2020
Pension		
Corporate equities	\$ 3,108	\$ 2,386
Corporate and foreign bonds	562	527
Other	1,256	1,187
Total pension securities and investments	\$ 4,926	\$ 4,100
Non-pension		
Agency and GSE-backed securities	\$ 438	\$ 503
Other	786	654
Total non-pension securities and investments	\$ 1,224	\$ 1,157
Total investments	\$ 6,150	\$ 5,257

Note 8 – Investments in special purpose vehicles

(In billions)	2021	2020
Federal	\$ 26	\$ 108
State and local	—	—
Total investments in special purpose vehicles	\$ 26	\$ 108

Federal government

(In billions) 2021	Gross Investments	Cumulative Valuation Gain/(Loss)	Fair Value
Main Street Lending Programs	\$ 17	\$ (1)	\$ 16
Municipal Liquidity Facility	6	—	6
Term Assets Lending Facility	3	—	3
Total investment in special purpose vehicles	\$ 26	\$ (1)	\$ 25
Common stock warrants ¹			1
Total			\$ 26

¹ Investments in common stock warrants are included due to the nature of funding and purpose of financial assistance to provide payroll support to aviation workers during the pandemic. Common stock warrants gross investment cost is \$0.9 billion.

(In billions) 2020	Gross Investments	Cumulative Valuation Gain/(Loss)	Fair Value
Corporate Credit Facilities	\$ 37	\$ —	\$ 37
Main Street Lending Programs	38	(5)	33
Municipal Liquidity Facility	17	—	17
Term Assets Lending Facility	10	—	10
Commercial Paper Funding Facility	10	—	10
Total investment in special purpose vehicles	\$ 112	\$ (5)	\$ 107
Common stock warrants ¹			1
Total			\$ 108

¹ Investments in common stock warrants are included due to the nature of funding and purpose of financial assistance to provide payroll support to aviation workers during the pandemic. Common stock warrants gross investment cost is \$0.4 billion.

Pursuant to the CARES Act enacted in fiscal year 2020, in response to the COVID-19 pandemic, the federal government invested in Special Purpose Vehicles (SPVs) established by the Federal Reserve Board through the Federal Reserve Bank of New York (FRBNY) and the Federal Reserve Bank of Boston (FRBB) for the purpose of enhancing the liquidity of the US financial system. SPV investments are accounted for as equity investments at fair value, rather than as direct loans, as these instruments do not meet the criteria of SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*. Accordingly, changes in the fair value of these investments are recorded as gains or losses. In fiscal year 2021, SPV gross investments decreased by \$86 billion partly from the result of Treasury and the Federal Reserve canceling or amending four of the five SPV agreements, and the Federal Reserve returning \$62 billion in equity investments to Treasury. The Federal Reserve also sold its remaining investment in two of the SPVs and returned an additional \$24 billion in equity investments to Treasury.

The fair value of SPV equity investments is determined by using available market pricing data, risk-free discount rates, market pricing of floating interest-rate swaps, and contractual instrument terms to estimate scenario-specific, risk-neutral cash flows for the SPVs. For determining market pricing data, active market prices for the Corporate Credit Facilities (CCF) Limited Liability Company (LLC) and Term Asset-Backed Securities Loan Facility II LLC (TALF) programs that own publicly traded securities, Bloomberg estimated prices for the Municipal Liquidity Facility LLC (MLF) program which owns securities that do not have active market prices but have estimated prices in Bloomberg, or market prices for baskets of comparable publicly traded bonds for the Main Street Facilities LLC (MSF) program, based on relevant bond attributes such as instrument credit rating, time to maturity, issuer industry, coupon rate, and call provisions. Contractual instrument terms and market derived, risk-neutral loss rates and, where applicable, market pricing of floating interest-rate swaps are used to estimate scenario specific, risk-neutral cash flows which are discounted using risk-free discount rates.

In deriving the fair value of SPV investments, Treasury relied upon market observed prices for SPV purchased assets and collateral, market prices for comparable assets, asset valuations performed by third parties, historical asset data, discussions with subject matter experts within Treasury, and other information pertinent to the valuation were relied on. 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.

Under SFFAS No. 47, *Reporting Entity* criteria, SPVs were owned or established by the federal government. The relationship with the federal government represents non-permanent intervention designed to help mitigate the economic impacts. These entities are classified as disclosure entities based on their characteristics as a whole. Accordingly, these entities are not consolidated into the federal 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 federal government's consolidated financial statements.

The SPVs invest certain funds in Treasury issued nonmarketable SPV securities. As of September 30, 2021, and 2020, the total amount of SPV securities outstanding was \$22 and \$96 billion in Treasury issued SPV securities, respectively. Please see *Note 13 – Debt and interest payable*. For additional information regarding COVID-19 relief, CARES Act funding, and amendments of SPV agreements refer to Treasury's financial statements and *Note 30 – COVID-19 activity*.

Corporate Credit Facilities LLC

On April 13, 2020, the FRBNY established the CCF as the SPV to facilitate both the Primary Market Corporate Credit Facility (PMCCF) and the Secondary Market Corporate Credit Facility (SMCCF) programs in support of providing the flow of credit to employers through corporate bond and loan issuances. The FRBNY lends to the SPV on a recourse basis. The PMCCF was intended to purchase qualified bonds from eligible issuers and purchases portions of syndicated loans or bonds at issuance, giving issuers access to credit so that they are better able to maintain business operations and capacity during the period of disruption caused by COVID-19. The SMCCF supported the flow of credit to employers by providing liquidity to the market for outstanding corporate bonds. The FRBNY loans are secured by all the assets of the SPV. On December 29, 2020, Treasury's undisbursed investment commitment of \$38 billion was canceled pursuant to the amended SPV LLC agreement, and excess funds of \$24 billion were returned to Treasury on January 5, 2021. As of December 31, 2020, the SPV ceased purchasing of eligible notes. The FRBNY sold the credit holdings in the SPV and on September 24, 2021, returned to Treasury the remaining outstanding equity contribution of \$14 billion and \$17 million of interest earnings on special nonmarketable

Treasury securities invested within the SPV. Final dissolution of the CCF SPV is expected in early FY 2022, and Treasury will be entitled to an additional amount equal to 90% of the cash balance in all of the other accounts of the SPV.

Main Street Lending Program

On May 18, 2020, the FRBB established the MSF to support lending to small and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 pandemic and have good post-pandemic prospects. Using loans from the FRBB, the SPV purchases 95% participations in loans originated by eligible lenders, while the lender retains 5%. Loans issued under the MSF program have a five-year maturity, principal payments are deferred for two years, and interest payments are deferred for one year. Treasury had initially committed to contribute up to \$75 billion in capital in the single common SPV in connection with the MSF. On June 1, 2020, Treasury acquired an equity interest in the SPV by transferring a combination of CARES Act appropriated and Treasury borrowed funds for an aggregate total of \$38 billion to the MSF to cover potential losses incurred by the FRBB in connection with this program. On December 29, 2020, Treasury's undisbursed investment commitment of \$38 billion was canceled pursuant to the amended SPV LLC agreement, and excess funds of \$21 billion were returned on January 8, 2021. The SPV ceased purchasing of loan participations on January 8, 2021.

Municipal Liquidity Facility LLC

On May 1, 2020, the FRBNY established the MLF SPV to help state and local governments manage cash flow pressures while continuing to serve households and businesses in their communities. The FRBNY lends to the MLF SPV, on a recourse basis, to allow the facility to purchase short-term notes directly from eligible US states (including the District of Columbia), counties and cities. On May 26, 2020, Treasury acquired an equity interest in the SPV by transferring a combination of CARES Act appropriated and Treasury borrowed funds for an aggregate total of \$18 billion to the MLF LLC to cover potential losses incurred by FRBNY in connection with this program. On December 29, 2020, Treasury's undisbursed investment commitment of \$18 billion was canceled pursuant to the amended SPV LLC agreement, and excess funds of \$11 billion were returned to Treasury on January 5, 2021. The SPV ceased purchasing eligible notes on December 31, 2020.

Term Asset-Backed Securities Loan Facility II LLC

FRBNY established the TALF SPV on March 23, 2020, to support the flow of credit to consumers and businesses for purposes of stabilizing the US financial system. The TALF facilitates the issuance of Asset Backed Securities backed by student loans, auto loans, credit card loans, loans guaranteed by the SBA, commercial mortgages, and certain other assets. On June 16, 2020, Treasury acquired an equity interest in the SPV by committing to and transferring a combination of CARES Act appropriated and Treasury borrowed funds for an aggregate total of \$10 billion to the TALF to cover potential losses incurred by the FRBNY in connection with this program. On January 5, 2021, excess funds of \$7 billion were returned to Treasury pursuant to the amended SPV LLC agreement. No new credit extensions were made after December 31, 2020.

Commercial Paper Funding Facility II LLC

On March 30, 2020, the FRBNY established the Commercial Paper Funding Facility II LLC (CPFF) to provide liquidity to short-term funding markets by purchasing three-month unsecured and asset-backed commercial paper directly from eligible issuers. To cover potential losses incurred by FRBNY in connection with this program, on April 13, 2020, Treasury made a capital contribution in the CPFF SPV by transferring \$10 billion of core Exchange Stabilization Fund (ESF) funds to the SPV in exchange for a preferred equity interest in the SPV. The SPV ceased purchasing commercial paper on March 31, 2021. Commencing June 29, 2021 and concluding July 7, 2021, the FRBNY made final distributions to Treasury for \$10 billion of capital contribution. These investments were provided to ESF, which reinvested them in overnight, nonmarketable US Treasury securities. The CPFF SPV was terminated as of July 8, 2021.

Common stock warrants

Common stock warrants provide Treasury with the right to purchase shares of common stock or receive a cash payment. The number of warrants required is equal to 10% of the principal amount of the note issued by the participant, divided by an exercise price. The warrants are exercisable for a five-year term. In accordance with the warrant agreement between Treasury and each recipient, Treasury acknowledges the warrants are not registered under the *Securities Act of 1933* and

may not be sold without such registration or an exemption. Additionally, the warrants received do not entitle Treasury to any voting rights or other rights of a shareholder before the date of exercise. Common stock warrants are not considered to be SPVs but are included here due to the nature of their funding and purpose.

Note 9 – Investments in government-sponsored enterprises

(In billions)	2021	2020
Federal	\$ 221	\$ 109
State and local	—	—
	<hr/>	<hr/>
Total investments in government-sponsored enterprises	\$ 221	\$ 109

Federal government

(In billions) 2021	Gross Investments	Cumulative Valuation Gain/(Loss)	Fair Value
Fannie Mae senior preferred stock	\$ 159	\$ (38)	\$ 121
Freddie Mac senior preferred stock	95	—	95
Fannie Mae warrants common stock	3	—	3
Freddie Mac warrants common stock	2	—	2
	<hr/>	<hr/>	<hr/>
Total investments in government-sponsored enterprises	\$ 259	\$ (38)	\$ 221

(In billions) 2020	Gross Investments	Cumulative Valuation Gain/(Loss)	Fair Value
Fannie Mae senior preferred stock	\$ 138	\$ (80)	\$ 58
Freddie Mac senior preferred stock	84	(46)	38
Fannie Mae warrants common stock	3	5	8
Freddie Mac warrants common stock	2	3	5
	<hr/>	<hr/>	<hr/>
Total investments in government-sponsored enterprises	\$ 227	\$ (118)	\$ 109

Congress established Fannie Mae and Freddie Mac as government sponsored enterprises (GSEs) to provide stability and increase liquidity in the secondary mortgage market and to promote access to mortgage credit throughout the nation. 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.

Congress passed the *Housing and Economic Recovery Act of 2008* (P.L. 110-289) in July 2008 in response to the financial crisis that year and the increasingly difficult conditions in the housing market which challenged the soundness and profitability of the GSEs and thereby threatened to undermine the entire housing market. This act created the Federal Housing Finance Agency (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 Senior Preferred Stock Purchase Agreements (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 mortgage market while the Administration and Congress determine what structural changes should be made to the housing finance system. Draws under the SPSPAs would 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 federal 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 federal government's consolidated financial statements.

Senior preferred stock purchase agreements

In return for committing to maintain the GSEs' solvency by making a quarterly advance of funds to each GSE in an amount equal to any excess of the GSEs' total liabilities over its total assets as of the end of the previous quarter, 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. Treasury was entitled to distributions on the senior preferred stock equal to 10% per annum fixed rate dividend on the total liquidation preference (as discussed below). This dividend structure was changed in the third amendment in August 2012 to a variable equivalent to the GSEs' positive net worth above a capital reserve amount. The capital reserve amount was initially set at \$3 billion for calendar year 2013 and, upon nearing its scheduled decline to zero, was reset at \$3 billion in calendar year 2017. On September 27, 2019, Treasury and FHFA amended the SPSPAs to increase the capital reserve amounts of Fannie Mae and Freddie Mac to \$25 billion and \$20 billion, respectively. In exchange, Treasury's liquidation preference in each GSE was scheduled to gradually increase up to the adjusted capital reserve amounts based on the quarterly earnings of each GSE.

On January 14, 2021, Treasury and FHFA further amended the SPSPAs to replace the prior variable dividend with an alternative compensation plan for Treasury that permits the GSEs to continue their recapitalization efforts, as prescribed by the GSE capital framework finalized by FHFA in 2020. Under the amended SPSPAs, each GSE is permitted to retain capital until the GSE has achieved its regulatory minimum capital requirement, including buffers (i.e., the capital reserve end date), at which point its cash dividend obligations will resume along with the obligation to pay a periodic commitment fee. As compensation to Treasury for the replacement of the variable dividend, the liquidation preference of Treasury's senior preferred stock in each GSE will increase by the amount of retained capital until each GSE has achieved its capital reserve end date.

Additionally, the January 14 amendment, among other things, imposed restrictions on certain GSE business activities, including purchases of loans backed by investment properties, second homes, and multifamily properties, and on purchases of loans with multiple high-risk characteristics or for cash consideration. On September 14, 2021, Treasury and FHFA agreed to suspend certain business activity restrictions added to the SPSPAs by the January 14 amendment while FHFA undertakes a review of the extent to which these requirements are redundant or inconsistent with existing FHFA standards, policies, and directives. The suspension will terminate on the later of one year after September 14, 2021 or six months after Treasury notifies the GSEs. Upon conclusion of FHFA's review, Treasury expects FHFA to propose more permanent changes to the affected covenants, which may include recalibration of the restrictions or outright termination.

As of September 30, 2021, Treasury's liquidation preference in Fannie Mae and Freddie Mac increased by \$21 billion and \$11 billion, respectively. As of September 30, 2020, Treasury's liquidation preference in Fannie Mae and Freddie Mac increased by \$11 billion and \$7 billion, respectively. The GSEs will not pay a quarterly dividend until after the capital reserve end date. Treasury received no cash dividends for the fiscal years ended September 30, 2021 and 2020, as the GSEs had not achieved their capital reserve end date as of September 30, 2021, and their positive net worth was below the permitted capital reserve amounts as of September 30, 2020.

The SPSPAs, which have no expiration date, require that Treasury will disburse funds to either GSE 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 and *Note 22 – Contingencies*). Draws against the funding commitment of the SPSPAs do not result in the issuance of additional shares of senior preferred stock; instead, they increase the liquidation preference of the initial 1,000,000 shares by the amount of the draw. The combined cumulative liquidation preference totaled \$254 billion and \$222 billion as of September 30, 2021 and 2020, respectively. There were no payments to the GSEs for the fiscal years ended September 30, 2021 and 2020.

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 Over-the-counter Bulletin Board, discussions with each of the GSEs and FHFA, and other information pertinent to the valuations. Because the senior preferred stock is not publicly traded, there is no comparable trading information available. The fair valuation of the senior preferred stock relies 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 forecasted cash flows to equity holders and the traded prices of the other equity securities, including the GSEs' common stock and junior preferred stock. The fair value of the senior preferred stock-as measured by unobservable and observable inputs-increased as of September 30, 2021 when compared to September 30, 2020. The increase primarily is due to higher projected cash flows, a decrease in the market value of the GSEs' other equity securities that comprise the GSEs' total equity, and a lower discount rate.

Factors impacting the fair value of the warrants include the nominal exercise price and the large number of potential exercise shares, the market prices and trading volumes of the underlying common stock 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-as measured by observable inputs-decreased at the end of fiscal year 2021, when compared to fiscal year 2020, primarily due to decreases in the Level 1 fair value measurement of 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 federal 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 2046 and 2045 in assessing if a contingent liability was required as of September 30, 2021 and 2020, 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. Treasury does not discount this accrued contingent liability, nor 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 of the US Government (General Fund). Treasury will adjust such recorded accruals in subsequent years as new information develops or circumstances change.

Based on Treasury's annual assessment, there were no probable future funding draws as of September 30, 2021 and 2020, and thereby accrued no contingent liability. However, as of September 30, 2021, it is reasonably possible that a period of sustained economic and housing market volatility could potentially cause the GSEs to generate quarterly losses of sufficient magnitude to result in future funding draws against the funding commitment. Due to challenges quantifying future market volatility or the timing, magnitude, and likelihood of such events, Treasury could not estimate the total amount of this reasonably possible future funding liability as of September 30, 2021 and 2020. There were no payments to the GSEs for fiscal years ended September 30, 2021 and 2020. At September 30, 2021 and 2020, the maximum remaining contractual 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 21 – 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, including their financial statements, monthly business 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, 2021 include two potential scenarios, with varying assumptions regarding the continuation of the GSEs' new business activities, including purchasing mortgage loans and issuing new guaranteed MBS. The forecasts as of September 30, 2021, also assumed the maintenance of the GSEs' retained mortgage portfolios below the maximum permitted under the amended SPSPAs.

Regulatory environment

To date, Congress has not passed legislation nor has FHFA taken action to end the GSEs' conservatorships. The GSEs continue to operate under the direction of FHFA as conservator.

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 ended 2021 and 2020, the GSEs remitted to Treasury the incremental fees totaling \$5 billion and \$4 billion, respectively.

Fannie Mae balance sheet

(In billions)	As of December 31,	
	2021	2020
Assets		
Cash and cash equivalents and federal funds sold and securities purchased under agreements to resell or similar arrangements	\$ 63	\$ 67
Restricted cash	66	77
Investments in securities ¹	89	138
Mortgage loans:		
Of Fannie Mae	66	118
Of consolidated trusts	3,908	3,547
Allowance for loan losses	(6)	(11)
Mortgage loans, net of allowance for loan losses	3,968	3,654
Deferred tax assets, net	13	13
Other assets	30	37
Total assets	\$ 4,229	\$ 3,986
Liabilities and equity		
Debt:		
Of Fannie Mae	\$ 201	\$ 290
Of consolidated trusts	3,957	3,646
Other liabilities	24	25
Total liabilities	4,182	3,961
Fannie Mae stockholders' equity (deficit):		
Senior preferred stock	121	121
Other net deficit ²	(74)	(96)
Total equity	47	25
Total liabilities and equity	\$ 4,229	\$ 3,986

¹ Includes \$84 billion as of December 31, 2021 and \$130 billion as of December 31, 2020 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,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 8	\$ 7
Restricted cash	2	17
Securities purchased under agreements to resell	71	105
Investments in securities:		
Available-for-sale, at fair value	4	15
Trading, at fair value	49	44
Total investments in securities	53	59
Mortgage loans:		
Held-for-investment, at amortized cost: By consolidated trusts	2,785	2,273
Held-for-investment, at amortized cost: Unsecuritized	44	77
Held-for-sale, at lower-of-cost-or-fair-value	20	34
Total mortgage loans, net	2,849	2,384
Other assets	42	55
Total assets	\$ 3,025	\$ 2,627
Liabilities and equity		
Accrued interest payable	\$ 6	\$ 6
Debt, net:		
Debt securities of consolidated trusts held by third parties	2,803	2,308
Other debt	177	285
Total debt, net	2,980	2,593
Other liabilities	11	12
Total liabilities	2,997	2,611
Total equity	28	16
Total liabilities and equity	\$ 3,025	\$ 2,627

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 10 – Advances and prepayments

(In billions)	2021	2020
Federal	\$ 369	\$ 219
State and local	—	—
Total advances and prepayments	\$ 369	\$ 219

Federal government

(In billions)	2021	2020
Department of the Treasury	\$ 256	\$ 69
Department of Health and Human Services	70	106
Department of Defense	21	21
All other	22	23
Total advances and prepayments	\$ 369	\$ 219

In fiscal year 2021, the presentation for advances and prepayments was modified to present the line item separately on the Balance Sheet. The fiscal year 2020 presentation was modified to conform to the fiscal year 2021 presentation. 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, grantees, Medicare providers, and state, local, territorial, and tribal governments; travel advances; and prepayments for items such as rents, taxes, insurance, royalties, commissions, and supplies.

Until such time as the goods or services are received, contract terms are met or progress has been made, or prepaid expenses expired these should be recorded as assets. Any amounts that are subject to a refund at the time of completion should be transferred to accounts receivable.

Treasury had the largest increase, \$187 billion, to advances and prepayments for fiscal year 2021. During fiscal year 2020, Treasury disbursed \$150 billion in COVID-19 funds for financial assistance payments to state, local, territorial, and tribal governments to cover eligible costs incurred as a result of the pandemic. Treasury disbursed an additional \$277 billion in fiscal year 2021. The amounts disbursed during fiscal year 2020 and fiscal year 2021 were initially recorded as advances. The advances balance is subsequently reduced as eligible costs are incurred. Funding for healthcare providers and suppliers under HHS's Accelerated and Advance Payment (AAP) during fiscal year 2020 of \$104 billion were recorded as advances. Pursuant to the *Continuing Appropriations Act, 2021* and *Other Extensions Act*, Centers for Medicare and Medicaid Services (CMS) delayed repayment of these advances for one year from the date each provider or supplier's AAP was issued. Collections of these amounts began in April 2021, which reduced the advances balance.

State and local government

The Federal Reserve does not provide amounts for advances and prepayments 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 11 – Other assets

(In billions)	2021	2020
Federal	\$ 40	\$ 42
State and local	—	—
Total other assets	\$ 40	\$ 42

Federal government

(In billions)	2021	2020
Regulatory assets	\$ 18	\$ 20
Investments in Multilateral Development Banks	9	8
Buildout/enhancement of nationwide public safety broadband network	5	5
DOE's operating non-federal generation	3	4
Other	5	5
Total other assets	\$ 40	\$ 42

In fiscal year 2021, the presentation for other assets was modified to remove advances and prepayments and report that information in a separate note, *Note 10 – Advances and prepayments*.

DOE and TVA record regulatory assets in accordance with FASB ASC Topic 980, *Regulated Operations*. The provisions of this standard 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 rates should become market-based, FASB ASC Topic 980 would no longer be applicable, and all the deferred costs under that standard would be expensed. DOE's Bonneville Power Administration (BPA) is responsible for repaying Treasury for transmission and power-generating assets owned by other entities based on this deferred cost. Other regulatory assets for DOE include BPA's fixed schedule of benefit payments for investor-owned utility customers, repayment of debt for terminated nuclear projects, and deferred energy conservation measures relating to fish and wildlife. TVA's regulatory assets represent incurred costs that have been deferred because such costs are probable of future recovery in customer rates.

On behalf of the US, Treasury invests in certain Multilateral Development Banks (MDB), through subscriptions to capital, which allows the MDB to issue loans at market-based rates to middle-income developing countries. These paid-in capital investments are nonmarketable equity investments valued at cost.

DOC's cost contribution to buildout/continuing enhancement of the Nationwide Public Safety Broadband network embodies future economic benefits to the National Telecommunications and Information Administration. Achieving this important mission will ensure the operation and maintenance of the first high-speed, nationwide wireless broadband network dedicated to public safety. Please refer to *Note 29 – Public-private partnerships* for additional information.

DOE's BPA is party to long-term contracts to acquire all the generating nuclear and hydroelectric capability of Energy Northwest's Columbia Generating Station and Lewis County Public Utility District's Cowlitz Falls Hydroelectric Project. These contracts require that BPA meet all the facilities' operating, maintenance, and debt service costs until their license termination dates.

Items included in Other are derivative assets, FDIC receivables from resolution activity, non-federal nuclear decommissioning trusts, and the balance of assets held by the experience rated carriers participating in the Health Benefits and Life Insurance Programs (pending disposition on behalf of OPM).

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 12 – Accounts payable

(In billions)	2021	2020
Federal	\$ 123	\$ 99
State and local	1,133	1,078
Total accounts payable	\$ 1,256	\$ 1,177

Federal government

(In billions)	2021	2020
Department of Defense	\$ 39	\$ 36
Security Assistance Accounts	17	2
Department of Veterans Affairs	14	13
Department of the Treasury	7	4
All other	46	44
Total accounts payable	\$ 123	\$ 99

Accounts payable includes amounts due for goods and property ordered and received, services rendered by other than federal employees, cancelled appropriations for which the federal government has contractual commitments for payment, and non-debt related interest payable.

For fiscal year 2020, VA reported a retrospective change in accounting regarding obligations for hospital care or medical services. The accounts payable balance was adjusted from \$19 billion to \$13 billion and was previously reported in *Note 14 – Employee and veteran benefits 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 13 – Debt and interest payable

(In billions)	2021	2020
Federal	\$ 20,636	\$ 19,758
State and local	3,214	3,111
Total debt and interest payable	\$ 23,850	\$ 22,869

Federal government

(In billions)	Balance 2020	Net Change during Fiscal Year 2021	Balance 2021	Average Interest Rate	
				2021	2020
Treasury securities (public)					
Marketable securities:					
Treasury bills ¹	\$ 5,028	\$ (1,315)	\$ 3,713	0.1%	0.2%
Treasury notes ²	9,331	1,531	10,862	1.4%	1.9%
Treasury bonds ³	2,668	673	3,341	3.1%	3.5%
Treasury inflation-protected securities (TIPS) ⁴	1,523	130	1,653	0.5%	0.7%
Treasury floating rate notes (FRN) ⁵	478	101	579	0.4%	0.3%
Total marketable Treasury securities	19,028	1,120	20,148		
Nonmarketable securities	666	(239)	427	1.3%	1.1%
Net unamortized discounts	(27)	—	(27)		
Total Treasury securities, net (public)	19,667	881	20,548		
Agency securities					
Tennessee Valley Authority	20	(1)	19		
Total agency securities, net of unamortized premiums and discounts	20	(1)	19		
Accrued interest payable					
Total debt and interest payable	\$ 19,758	\$ 878	\$ 20,636		

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 26 – 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 5 years or more.

⁵ FRN – term of 2 years.

Federal debt held by the public consists of securities outside the federal government by individuals, corporations, state or local governments, Federal Reserve Banks (FRBs), foreign governments, and other non-federal entities. The above table details federal 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 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); and
- non-interest-bearing marketable and nonmarketable securities (matured and other).

In fiscal year 2020, Treasury expanded its domestic series to include a new special nonmarketable Treasury security, known as a SPV security. Treasury issued these securities to SPVs, which were established by the Federal Reserve to implement its emergency lending facilities under Section 13(3) of the *Federal Reserve Act* to respond to the COVID-19 pandemic. The total amount of SPV redemptions in fiscal year 2021 was \$74 billion and there were no issuances. An SPV security is a demand deposit certificate of indebtedness for which interest accrues daily and is paid at redemption. As of September 30, 2021 and 2020, the total amount of SPV securities outstanding were \$22 billion and \$96 billion, respectively.

Gross federal debt, with some adjustments, is the sum of debt held by the public and intra-governmental debt holdings and 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.

On August 2, 2019, the *Bipartisan Budget Act of 2019* (P.L. 116-37) was enacted suspending the statutory debt limit through July 31, 2021. A delay in raising the statutory debt limit occurred from August 1, 2021 through December 15, 2021. During the period of August 2, 2021 through December 15, 2021, Treasury departed from their normal debt management operations and undertook extraordinary measures to avoid exceeding the statutory debt limit. On October 14, 2021, P.L. 117-50 was enacted which raised the statutory debt limit by \$480 billion, from \$28,402 billion to \$28,882 billion. Even with this increase, extraordinary measures continued in order for Treasury to manage below the debt limit. On December 16, 2021, P.L. 117-73 was enacted, raising the debt limit by \$3 trillion from \$28,882 billion to \$31,382 billion. On this date, Treasury discontinued its use of extraordinary measures and resumed normal debt management operations.

As of September 30, 2021, and 2020, debt subject to the statutory debt limit was \$28,401 billion and \$26,920 billion, respectively. The debt subject to the limit includes Treasury securities held by the public and federal government guaranteed debt of federal entities (shown in the table above) and intra-governmental debt holdings. As noted above, a delay in raising the statutory debt limit existed as of September 30, 2021. Many extraordinary measures taken by Treasury during the period of August 2, 2021, through September 30, 2021, resulted in federal debt securities not being issued to certain federal government accounts. See *Note 19 – Other liabilities*, *Note 24 – Fiduciary activities* and *Note 31– Subsequent events* for additional information.

State and local government

(In billions)	2021	2020
Municipal securities	\$ 3,214	\$ 3,111
Municipal securities – pensions	—	—
Total debt and interest payable	\$ 3,214	\$ 3,111

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 14 – Employee and veteran benefits payable

(In billions)	2021	2020
Federal	\$ 10,183	\$ 9,416
State and local	9,275	9,011
Total employee and veteran benefits payable	\$ 19,458	\$ 18,427

Federal government

(In billions)	Civilian		Military		Total	
	2021	2020	2021	2020	2021	2020
Pension benefits	\$ 2,362	\$ 2,214	\$ 1,934	\$ 1,799	\$ 4,296	\$ 4,013
Veterans compensation and burial benefits	na	na	4,302	3,863	4,302	3,863
Post-retirement health benefits	427	419	869	849	1,296	1,268
Liability for other benefits	101	100	188	172	289	272
Total employee and veteran benefits payable	\$ 2,890	\$ 2,733	\$ 7,293	\$ 6,683	\$ 10,183	\$ 9,416

^{na} An “na” reference in the table means the data is not-applicable.

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 health care carriers, apply to current and former civilian and military employees. 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.

OPM administers the largest civilian pension and post-retirement health benefits plans. DOD and VA administer the military pension and post-retirement health benefit plans. Other significant pension plans with more than \$10 billion in actuarial accrued liability include those of the Coast Guard (DHS), Foreign Service (State), TVA, and HHS's Public Health Service Commissioned Corps Retirement System. Please refer to the financial statements of the entities listed for additional information regarding their pension plans and other benefits.

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. This SFFAS No. 33 does not apply to the *Federal Employees' Compensation Act* (FECA) program.

To provide a sustainable, justifiable data resource for the affected entities, Treasury developed a 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 Yield Curve for Treasury Nominal Coupon Issues (TNC) yield curve, which is derived from Treasury notes and bonds. The 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.

In addition to the benefits presented in this note, federal, civilian, and military employees and federal entities contribute to the Thrift Savings Plan (TSP). The TSP is administered by an independent government entity, the Federal Retirement Thrift Investment Board (FRTIB), which is charged with operating the TSP prudently and solely in the interest of the participants and their beneficiaries. Please refer to *Note 24 – Fiduciary activities* for additional information on the TSP.

For fiscal year 2020, VA reported a retrospective change in accounting regarding obligations for hospital care or medical services. This change in accounting principle increased the prior year liability for other benefits line by \$6 billion. In fiscal year 2020, the \$6 billion was previously reported in *Note 12 – Accounts payable*.

Pension benefits

Change in pension benefits

(In billions)	Civilian		Military		Total	
	2021	2020	2021	2020	2021	2020
Actuarial accrued pension liability, beginning of fiscal year	\$ 2,214	\$ 2,094	\$ 1,799	\$ 1,759	\$ 4,013	\$ 3,853
Pension expense						
Normal costs	52	44	39	37	91	81
Interest on liability	66	66	57	59	123	125
Actuarial (gains)/losses (from experience)	46	16	47	20	93	36
Actuarial (gains)/losses (from assumption changes)	81	89	54	(15)	135	74
Total pension expense	245	215	197	101	442	316
Less benefits paid	(97)	(95)	(62)	(61)	(159)	(156)
Actuarial accrued pension liability, end of fiscal year	\$ 2,362	\$ 2,214	\$ 1,934	\$ 1,799	\$ 4,296	\$ 4,013

Significant long-term economic assumptions used in determining pension liability and the related expense

	Civilian		Military			
	2021		2020			
	FERS	CSRS	FERS	CSRS		
Rate of interest	3.1%	2.4%	3.3%	2.7%	2.9%	3.2%
Rate of inflation	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%
Projected salary increases	1.3%	1.3%	1.2%	1.2%	2.0%	1.8%
Cost of living adjustment	1.5%	1.7%	1.5%	1.5%	1.6%	1.6%

Civilian employees' pension

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, 2021, USPS has accrued, but not paid OPM, \$15 billion in CSRS and FERS retirement benefit expenses since 2014. In order for USPS to preserve liquidity and to ensure the ability to fulfill its primary universal service mission was not placed at undue risk, USPS has not made any of the required payments for FERS or CSRS amortization. The cost of each year's payment, including defaulted payments, along with 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 federal government-wide Balance Sheet due to the USPS liability being eliminated with OPM's corresponding receivable due from USPS recording a loss allowance for doubtful accounts for the unpaid balances.

The civilian pension liability increased by \$148 billion, primarily due to less favorable than assumed plan experience and the declining interest rate assumption.

Military employees' pensions

The Military Retirement System consists of a funded, noncontributory, defined benefit plan for military personnel (Services of Army, Navy, Air Force, Marine Corps, and Space Force) 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 three 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* (NDAA) for fiscal year 2016, effective January 1, 2018. The BRS is a 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 additional information on these benefits, see DOD's Office of Military Compensation website <https://militarypay.defense.gov>.

The DOD Military Retirement Fund (MRF) was established by P.L. 98-94 (currently 10 U.S.C. §1461-1467) 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 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 VA) per P.L. 108-136; and investment income.

DOD's Office of the Actuary calculates the actuarial liability annually using economic and demographic assumptions about the future (e.g., mortality and retirement rates). The \$134 billion increase in the Military Retirement Pension liability is primarily attributable to changes in assumptions and less favorable than assumed plan experience.

The NDAA for fiscal year 2021, §§ 8224-8225 requires the United States Coast Guard (USCG) be covered by the MRF no later than the beginning of fiscal year 2023. The USCG actuarial liability will be included on DOD's September 30, 2022 financial statements.

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, 2021, and 2020, was \$130 billion and \$111 billion, respectively.

Veterans compensation and burial benefits

Change in veterans compensation and burial benefits

(In billions)	Compensation		Burial		Total	
	2021	2020	2021	2020	2021	2020
Actuarial accrued liability beginning of fiscal year	\$ 3,854	\$ 3,123	\$ 9	\$ 7	\$ 3,863	\$ 3,130
Current year expenses						
Interest on the liability balance	125	107	—	—	125	107
Prior (and past) service costs from program amendments or new programs during the period	26	43	1	—	27	43
Actuarial (gain)/losses (from experience)	48	108	—	1	48	109
Actuarial (gain)/losses (from assumption changes)	349	574	1	1	350	575
Total current year expense	548	832	2	2	550	834
Less benefits paid	(111)	(101)	—	—	(111)	(101)
Actuarial accrued liability, end of fiscal year	\$ 4,291	\$ 3,854	\$ 11	\$ 9	\$ 4,302	\$ 3,863

Significant economic assumptions used in determining veterans compensation and burial benefits

	2021	2020
Rate of interest	2.95%	3.23%
Rate of inflation	2.32%	2.16%

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, §2301-2308, 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. The liability increased by \$439 billion in fiscal year 2021 primarily due to assumption changes and interest on the liability balance. The total loss from assumption changes was mainly impacted by a decrease in the discount rate assumptions, increase in the cost of living adjustments rate assumptions, and by changes in other assumptions such as life expectancy, new case rates, and mortality improvement rate. The interest on liability cost of \$125 billion is based on the prior year liability balance multiplied by the single weighted average discount rate used to compute the liability for veterans' compensation and burial benefits payable in the prior year.

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.

In fiscal year 2021, there were several regulatory changes impacting the prior year service cost component of the veterans' compensation and burial benefits payable liability. During fiscal year 2021, the *Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020* (P.L. 116-315) contained various provisions for VA to care for homeless veterans during a covered public health emergency, to carry out a retraining assistance program for unemployed veterans, and other purposes. Several sections of this law affected the compensation and burial liability model. There were also two procedural advisory changes that impacted the liability:

- The section that addresses the musculoskeletal system within the VA's schedule for rating disabilities was revised to ensure the rating schedule uses current medical terminology, thus providing updated criteria for the evaluation of musculoskeletal disabilities; and
- VA amended its adjudication regulations to establish presumptive service connection for three chronic respiratory health conditions, i.e., asthma, rhinitis, and sinusitis, including rhinosinusitis, based on exposure to fine, particulate matter.

These regulatory changes resulted in a combined increase of \$26 billion in the compensation liability and an increase of \$1 billion in the burial liability as of September 30, 2021.

The changes in experience related to compensation benefits resulted from an increase in the number of beneficiaries receiving compensation benefits.

PART II
Item 8

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.

Post-retirement health benefits

Change in post-retirement health benefits

(In billions)	Civilian		Military		Total	
	2021	2020	2021	2020	2021	2020
Actuarial accrued post-retirement health benefits liability, beginning of fiscal year	\$ 419	\$ 415	\$ 849	\$ 830	\$ 1,268	\$ 1,245
Post-retirement health benefits expense						
Normal costs	20	18	25	23	45	41
Interest on liability	14	14	28	29	42	43
Actuarial (gains)/losses (from experience)	(16)	(17)	(40)	(10)	(56)	(27)
Actuarial (gains)/losses (from assumption changes)	7	5	29	(1)	36	4
Total post-retirement health benefits expense	25	20	42	41	67	61
Less claims paid	(17)	(16)	(22)	(22)	(39)	(38)
Actuarial accrued post-retirement health benefits liability, end of fiscal year	\$ 427	\$ 419	\$ 869	\$ 849	\$ 1,296	\$ 1,268

Significant long-term economic assumptions used in determining post-retirement health benefits and the related expense

	Civilian		Military	
	2021	2020	2021	2020
Rate of interest	3.2%	3.4%	3.0%	3.3%
Single equivalent medical trend rate	4.4%	4.4%	4.1%	4.1%
Ultimate medical trend rate	3.2%	3.2%	3.6%	3.6%

Civilian employees' post-retirement health benefits

The post-retirement civilian health benefit liability is an estimate of the federal government's future cost of providing post-retirement health benefits to current employees and retirees. Although active and retired employees pay insurance premiums under the Federal Employee Health Benefits Program, 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, 2021, the USPS has accrued but not paid to the Postal Service Retiree Health Benefits Fund \$57 billion in payments required under the *Postal Accountability and Enhancement Act of 2006* (P.L. 109-435, Title VIII). In order for USPS to preserve liquidity and to ensure the ability to fulfill its primary universal service mission was not placed at undue risk, USPS has not made these required payments. 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 federal government-wide balance sheet due to the USPS liability being eliminated with the OPM's corresponding receivable due from USPS recording a loss allowance for doubtful accounts for the unpaid balances.

The post-retirement civilian health benefit liability increased \$9 billion. This increase is due to the accruing cost of benefits and interest on the existing liability, largely offset by actuarial gains attributable to favorable plan experience.

Military employees' post-retirement health benefits

Military retirees who are not yet eligible for Medicare (and their 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

through TRICARE. 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 post-retirement medical benefits are paid by the DOD Defense Health Program 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 MTF 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 (Treasury contribution). The Secretary of Defense directs the Secretary of the Treasury to make DOD's normal cost payments. The MERHCF pays for medical costs incurred by Medicare-eligible beneficiaries at MTF and civilian providers (including payments to US Family Health Plans for grandfathered beneficiaries), plus the costs associated with claims administration.

DOD's Office of the Actuary calculates 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 and 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 \$20 billion. The increase is primarily attributable to the normal operation of the plan – the cost of benefit accruals and interest on the liability less benefits paid. The actuarial gain from experience of \$40 billion is primarily due to increases in Military Retirement Health Benefits and MERHCF.

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. For the fiscal years 2017 through 2021, the average medical care cost per year was \$81 billion.

Liability for other benefits

Liability for other benefits includes several programs, the largest of which were Veterans education and training benefits with an estimated liability of \$151 billion, Life insurance benefits with an estimated liability of \$65 billion, FECA benefits with an estimated liability of \$37 billion, and Unfunded leave with an estimated liability of \$27 billion as of September 30, 2021.

State and local government

(In billions)	2021	2020
Unfunded pension entitlements	\$ 3,712	\$ 4,413
Other pension liabilities	5,563	4,598
Total employee and veteran benefits payable	\$ 9,275	\$ 9,011

Note 15 – Environmental and disposal liabilities

(In billions)	2021	2020
Federal	\$ 613	\$ 603
State and local	—	—
Total environmental and disposal liabilities	\$ 613	\$ 603

Federal government

(In billions)	2021	2020
Department of Energy	\$ 515	\$ 512
Department of Defense	82	75
All other entities	16	16
Total environmental and disposal liabilities	\$ 613	\$ 603

Department of Energy

After World War II, the US developed a massive industrial complex to research, produce, and test nuclear weapons and commercial nuclear power reactors. The nuclear complex was comprised of 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, or 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 contaminated sites and facilities could be restored to a condition suitable for any desired 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 which may or may not warrant the cost or 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 including potential delays due to COVID-19, unforeseen technical issues, obtaining regulatory approval, 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 2096 in fiscal year 2021 and through 2095 in fiscal year 2020. While some post-cleanup monitoring and other long-term stewardship activities post-2096 are included in the liability, there are others DOE expects to continue beyond 2096 for which the costs cannot reasonably be estimated.

A portion of DOE's environmental liability 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 estimates are 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 the periods benefiting from the operations of the facilities. Facilities' cleanup costs allocated to future periods and not included in the environmental and disposal liabilities amounted to \$1 billion and \$1 billion for fiscal years ending September 30, 2021, and 2020, respectively.

Department of Defense

DOD has cleanup requirements for Defense Environmental Restoration Program (DERP) for active installations, Base Realignment Closure installations, and Formerly Used Defense Sites. DOD has additional cleanup requirements for active installations not covered by DERP, weapon systems programs, and chemical weapons disposal programs. The weapons system program consists of chemical weapons disposal, nuclear powered aircraft carriers, nuclear powered submarines, and other nuclear ships. All cleanup efforts are performed in coordination with regulatory entities, other responsible parties, and current property owners, as applicable.

DOD follows the *Superfund Amendments and Reauthorization Act*, *Comprehensive Environmental Response, Compensation, and Liability Act* (CERCLA), *Resource Conservation and Recovery Act* (RCRA) or 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 and certain other general PP&E at the time the asset is placed into service. DOD has expensed cleanup costs for general PP&E placed into service before October 1, 1997, except for costs intended to be recovered through user charges. As costs are recovered DOD expenses cleanup costs associated with the asset life that has passed since the general PP&E 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 \$5 billion and \$4 billion for fiscal years ending September 30, 2021, and 2020, respectively.

DOD is responsible for environmental restoration and corrective action for buried chemical munitions and agents; however, a reasonable estimate is indeterminable because the extent of the buried chemical munitions and agents is unknown. DOD has ongoing studies for the Formerly Utilized Sites Remedial Action Program and will update its estimate as additional information is identified. DOD has the potential to incur costs for restoration initiatives in conjunction with returning overseas DOD facilities to host nations. DOD continues its efforts to reasonably estimate required restoration costs.

Environmental liabilities are subject to changes in laws and regulations, agreements with regulatory entities, and advances in technology. DOD is unaware of pending changes affecting its estimated cleanup costs. DOD revised estimates resulting from previously unknown contaminants, reestimation based on different assumptions, and other changes in project scope.

Please refer to the financial statements of the main contributing entities, DOD and DOE, for additional information regarding 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 16 – Benefits due and payable

(In billions)	2021	2020
Federal	\$ 274	\$ 256
State and local	—	—
Total benefits due and payable	\$ 274	\$ 256

Federal government

(In billions)	2021	2020
Federal Old-Age and Survivors Insurance - SSA	\$ 87	\$ 84
Grants to States for Medicaid - HHS	53	46
Federal Supplementary Medical Insurance (Medicare Parts B and D) - HHS	44	39
Federal Hospital Insurance (Medicare Part A) - HHS	36	31
Federal Disability Insurance - SSA	21	21
Unemployment Insurance - DOL	19	17
All other benefits programs	14	18
Total benefits due and payable	\$ 274	\$ 256

Benefits due and payable are amounts owed to program recipients or medical service providers as of September 30 that have not been paid. Please refer to the financial statements of HHS, SSA, and DOL for more information.

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 17 – Insurance and guarantee program liabilities

(In billions)	2021	2020
Federal	\$ 130	\$ 199
State and local	—	—
Total insurance and guarantee program liabilities	\$ 130	\$ 199

Federal government

(In billions)	2021	2020
Single-Employer Pension Plan - Pension Benefit Guaranty Corporation	\$ 109	\$ 120
Federal Crop Insurance - Department of Agriculture	14	8
Multiemployer Pension Plan - Pension Benefit Guaranty Corporation	3	67
Other insurance and guarantee programs	4	4
Total insurance and guarantee program liabilities	\$ 130	\$ 199

The federal government incurs liabilities related to various insurance and guarantee programs as detailed in the table above. *Note 22 – 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 14 – Employee and veteran benefits payable*. Social insurance and loan guarantees are not considered insurance programs under SFFAS No. 51, *Insurance Programs*, and are accounted for under SFFAS No. 17, *Accounting for Social Insurance*, and SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*. Loan guarantees are disclosed in *Note 4 – Loans receivable, net and loan guarantee liabilities*, and social insurance information is included primarily in the sustainability financial statements and in *Note 25 – 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 22 – 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 1.0 – Insurance and Guarantee Program Liabilities*, certain significant consolidation entities (i.e., PBGC, FDIC, and Farm Credit System Insurance Corporation (FCSIC)) apply FASB standards, and such entities, as permitted by SFFAS No. 47, *Reporting Entity*, are consolidated into the federal government’s consolidated financial statements without conversion to FASAB standards. PBGC, which insures defined benefit pensions, applies FASB standards and has the largest insurance and guarantee program liability.

PBGC insures pension benefits for participants in covered defined benefit pension plans. The fiscal year 2021 decrease of \$75 billion in PBGC’s liability for its two separate insurance programs is comprised of: 1) a decrease of \$12 billion in the single-employer program liability; and 2) a decrease of \$64 billion in the multiemployer program liability. As of September 30, 2021, and 2020, PBGC had total liabilities of \$123 billion and \$195 billion, respectively. As of September 30, 2021, PBGC’s total assets exceeded its total liabilities by \$31 billion, and in fiscal year 2020 its total liabilities exceeded its total assets by \$48 billion, respectively. The majority of the change in liability from fiscal year 2020 to fiscal year 2021 occurred in the multiemployer program and was due to the enactment of the *American Rescue Plan Act of 2021 (ARP)* on March 11, 2021. ARP established the Special Financial Assistance (SFA) program for distressed multiemployer pension plans that meet specific eligibility criteria therefore, this resulted in the majority of the \$64 billion decrease in the liability mentioned above. The SFA program is administered by PBGC and paid in a lump sum rather than in period payments. An application under ARP must be filed by the eligible plans no later than December 31, 2025. Unlike PBGC’s insolvency insurance program for multiemployer plans, which is funded by insurance premiums, the SFA program is funded by appropriations from the General Fund. The SFA program is intended to enable eligible plans to pay benefits and administrative expenses for the next 30 years, and as a result, the vast majority of PBGC’s liability for traditional financial assistance recognized in previous years for ongoing plans that were previously expected to become insolvent has been reversed (i.e., unbooked). PBGC intends to publish a final regulation in fiscal year 2022. Refer to PBGC’s financial statements for additional information and to *Note 22 – Contingencies* for additional information regarding insurance contingencies and exposure.

As of September 30, 2021, and 2020, \$14 billion and \$8 billion, respectively, pertain to USDA’s Federal Crop Insurance Program. The Federal Crop Insurance Program is administered by the Federal Crop Insurance Corporation (FCIC), which provides insurance to reduce agricultural producers’ economic losses due to natural disasters. The Federal Crop Insurance increase of \$7 billion was attributed to higher coverage amount as the result of higher crop prices, increased participation in insurance products and higher level of losses caused by widespread drought.

As of September 30, 2021, and 2020, \$3 billion and \$3 billion, respectively, pertain to the DHS National Flood Insurance Program (NFIP), which are included in other insurance and guarantee programs. The NFIP insurance program liability

represents an estimate based on the loss and loss adjustment expense factors inherent to the NFIP Insurance Underwriting Operations, including trends in claim severity and frequency. The estimate is driven primarily by flooding activity in the US and can vary significantly year over year depending on the timing and severity of flooding activity.

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 18 – Advances from others and deferred revenue

(In billions)	2021	2020
Federal	\$ 202	\$ 174
State and local	—	—
Total other liabilities	\$ 202	\$ 174

Federal government

(In billions)	2021	2020
Security Assistance Accounts	\$ 126	\$ 100
Department of Energy	49	47
All other	27	27
Total advances from others and deferred revenue	\$ 202	\$ 174

In fiscal year 2021, the presentation for advances from others and deferred revenue was modified to present the line item separately on the Balance Sheet. The fiscal year 2020 presentation was modified to conform to the fiscal year 2021 presentation. Advances from others and deferred revenue consists of payments received in advance of performance of activities for which revenue has not been earned and other deferred revenue or income received but not yet earned not otherwise classified as advances or repayments. Some examples include deferred project revenue funded in advance, funds received in advance under the terms of a settlement agreement, prepaid postage, and unearned fees, assessments, and surcharges.

SAA contracts authorize progress payments based on cost and increased to \$126 billion during fiscal year 2021, compared to \$100 billion in fiscal year 2020. This increase was due to improved financial reporting from a large Navy case management system. In accordance with contract terms, specific rights to the contractors' work vest when a specific type of contract financing payment is made. Due to the probability the contractors will complete their efforts and deliver satisfactory products, and because the amount of potential future payments are estimable, the SAA has recognized a contingent liability for estimated future payments which are conditional pending delivery and federal government acceptance.

The DOE's Nuclear Waste Fund collects revenues from owners or generators of high-level radioactive waste and Spent Nuclear Fuel (SNF) to pay their share of disposal costs. These revenues are recognized as a financing source as costs are incurred, and revenues that exceed the expenses are considered deferred revenue.

State and local government

The Federal Reserve does not provide amounts for advances from others and deferred revenue 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 19 – Other liabilities

(In billions)	2021	2020
Federal	\$ 677	\$ 394
State and local	—	—
Total other liabilities	\$ 677	\$ 394

Federal government

(In billions)	2021	2020
Other liabilities without related budgetary obligations	\$ 258	\$ 97
Allocation of special drawing rights	162	50
Other liabilities with related budgetary obligations	66	67
Actuarial liabilities for Treasury-managed benefits program.	51	46
Contingent liabilities	47	47
Other miscellaneous liabilities	93	87
Total other liabilities	\$ 677	\$ 394

Other liabilities are the amounts owed to the public and are not reported elsewhere in the Balance Sheet. A change in presentation was identified to improve clarity of the *Financial Report*. To conform with the fiscal year 2021 presentation of the *Financial Report*, other deferred revenue and liability for advances and prepayments are now reported under *Note 18 – Advances from others and deferred revenue*.

Other liabilities without related budgetary obligations represent those unfunded liabilities for which congressional action is needed before budgetary resources can be provided. The largest contributor to this category is Treasury which incurred a liability in fiscal year 2021 for the restoration of federal debt principal and interest. This resulted from debt management measures taken during the delay in raising the statutory debt limit, which included suspending investments in Treasury debt securities by the Government Securities Investment Fund of the FERS TSP. As a result of Treasury securities not being issued to the TSP's G Fund, Treasury reported other liabilities, as of September 30, 2021, in the amount of \$157 billion that represent uninvested principal and related interest for the TSP's G Fund that would have been reported in *Note 13 – Debt and interest payable* had there not been a delay in raising the statutory debt limit as of September 30, 2021 and had the securities been issued. For additional information related to the impact on the TSP, see *Note 24 – Fiduciary activities* and *Note 31 – Subsequent events*. Also contributing to this category are SAA's liability to offset non-entity cash and DOE's contractor-sponsored pension plans and other post-retirement benefits.

Allocation of SDR is the amount of corresponding liability representing the value of the reserve assets allocated by the IMF to meet global needs to supplement existing reserve assets. SDR derive their quality as reserve assets from the undertakings of the members to accept them in exchange for "freely useable" currencies (the US dollar, European euro, Japanese yen, and British pound sterling). Treasury is the sole contributor. During fiscal year 2021, the federal government increased its commitment to hold additional SDR to help provide liquidity to the global economic system in response to the COVID-19 pandemic, resulting in a \$112 billion year to year increase. For additional information, refer to *Note 30 – COVID-19 activity* and *Note 28 – Disclosure entities and related parties*.

Other liabilities with related budgetary obligations are amounts of liabilities for which there is a related budgetary obligation. Grant accruals, subsidies, and unpaid obligations related to assistance programs are all part of this category. The largest contributors are DOT, HHS, and USDA.

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. The only contributors are DOL and Treasury.

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. These consist of a wide variety of administrative proceedings, legal actions, and tort claims which may ultimately result in settlements or decisions adverse to the federal government. DOE and HHS are the top contributors.

Other miscellaneous liabilities are the liabilities not otherwise classified above. Many entities reported relatively small amounts.

The following entities are the main contributors to the federal government's reported other liabilities as of September 30, 2021. Refer to each entity's financial statements for additional information: Treasury, DOE, DOL, SAA, HHS, DOD, DOT, USPS, USDA, DHS, PBGC, Education, DOJ, TVA, and VA.

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 20 – 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 2020
Income statements			
Net deficit	\$ —	\$ (17)	\$ (17)
Tax revenues	—	4	4
Non-tax revenues	—	1	1
Total revenues	\$ —	\$ 5	\$ 5
Total expenditures	\$ —	\$ 22	\$ 22
<i>Combined functional income statements</i>			
Payments to others for goods and services	—	14	14
Capital expenditures	—	6	6
Net interest paid	—	2	2
<i>Combined segment income statements</i>			
Establish justice and ensure domestic tranquility expenditures	—	1	1
Promote the general welfare	—	9	9
Secure the blessings of liberty to ourselves and our posterity expenditures	—	4	4
General government and other expenditures	—	8	8
Balance sheets			
Cash and other monetary assets (Note 2)	\$ —	\$ 1	\$ 1
Accounts receivable, net (Note 3)	—	(16)	(16)
General property, plant, and equipment, net (Note 6)	—	(37)	(37)
Investments (Note 7)	—	76	76
Accounts payable (Note 12)	—	2	2
Debt and interest payable (Note 13)	—	2	2
Accumulated deficit	\$ —	\$ 20	\$ 20

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 restatements for the period presented.

State and local government

The Census and the Federal Reserve restated certain prior year (fiscal year 2020) 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 21 – Commitments

(In billions)	2021	2020
Federal	\$ 2,329	\$ 2,024
State and local	—	—
Total commitments	\$ 2,329	\$ 2,024

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 this note refer to those leases in which federal entities do not assume the risks of ownership of the underlying general PP&E, and payments are expensed over the lease term. The lease liabilities and assets arising from operating leases for FASB-reporting entities who early-implemented FASB ASC 842, *Leases*, are recorded on the Balance Sheet in other liabilities and PP&E, respectively, and thus are not included in this Commitments note.

Long-term operating leases

(In billions)	2021	2020
General Service Administration	\$ 26	\$ 24
Department of Veteran Affairs	5	4
Department of Health and Human Services	2	1
Other operating leases	5	6
Total long-term operating leases	\$ 38	\$ 35

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 this note refer to those leases in which federal entities do not assume the risks of ownership of the underlying general PP&E, and payments are expensed over the lease term. The lease liabilities and assets arising from operating leases for FASB-reporting entities who early-implemented FASB ASC 842, *Leases*, are recorded on the Balance Sheet in other liabilities and PP&E, respectively, and thus are not included in this Commitments note.

Undelivered orders and other commitments

(In billions)	2021	2020
Undelivered Orders		
Department of Defense	\$ 411	\$ 395
Department of Education	321	139
Department of Health and Human Services	289	187
Department of Transportation	141	125
Department of Housing and Urban Development	93	60
All other entities	476	563
Total undelivered orders	\$ 1,731	\$ 1,469
Other Commitments		
GSE Senior Preferred Stock Purchase Agreement	\$ 254	\$ 254
US participation in the International Monetary Fund	163	123
Callable capital subscriptions for Multilateral Development Banks	126	123
All other commitments	17	20
Total other commitments	\$ 560	\$ 520

Undelivered orders - unpaid

Undelivered orders, included in this note disclosure, represent the value of goods and services ordered that have not yet been received and that have not been prepaid. As of September 30, 2021, and 2020, the total reported undelivered orders were \$1,731 billion and \$1,469 billion, respectively. Undelivered orders had a net increase of \$262 billion from 2020 to 2021. While Treasury, which is included in All other entities in the above table, had a decrease in undelivered orders, Education, HHS and HUD all experienced increases. Treasury's decrease in undelivered orders from \$121 billion in fiscal year 2020 to \$6 billion in fiscal year 2021, was primarily the result of a \$115 billion de-obligation of undisbursed but previously committed CARES Act funds. Refer to Note 8 – *Investments in special purpose vehicles* for additional information. Education had a \$183 billion increase that resulted primarily from an increase in unpaid, undelivered orders related to COVID-19. HHS had a \$102 billion increase primarily due to COVID-19 activity. HUD also had an increase of \$34 billion primarily the result of COVID-19 activity.

GSE senior preferred stock purchase agreements

As of September 30, 2021, and 2020, 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 9 – *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, 2021, and 2020, the financial commitment under the US quota and borrowing arrangements was \$163 billion and \$123 billion, respectively. The financial commitment of the US participation in the IMF for fiscal year 2020 was restated to reduce the amount from \$156 billion to \$123 billion. This restatement was due to erroneously reporting drawn amounts of the US participation versus the undrawn amount remaining. Refer to Note 2 – *Cash and other monetary assets* and Note 28 – *Disclosure entities and related parties* for additional information regarding the US participation in the IMF.

Callable capital subscriptions for Multilateral Development Banks

The federal government has callable subscriptions in certain MDB, which are international financial institutions that finance economic and social development projects in developing countries. Callable capital in the MDB 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. MDB 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 MDB and none is anticipated. As of September 30, 2021, and 2020, the capital commitment to MDB was \$126 billion and \$123 billion, respectively.

US contributions to international organizations

The federal 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 (WHO)*, 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 22 – Contingencies

(In billions)	2021	2020
Federal	\$ 40	\$ 40
State and local	—	—
Total contingencies	\$ 40	\$ 40

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 additional information.

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 additional 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, potential draws by GSEs, and whistleblower awards. The federal 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 additional information on the federal 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

(In billions)	2021			2020		
	Accrued Liabilities ¹	Estimated Range of Loss for Certain Cases ²		Accrued Liabilities ¹	Estimated Range of Loss for Certain Cases ²	
		Lower End	Upper End		Lower End	Upper End
Probable	\$ 40	\$ 40	\$ 43	\$ 40	\$ 39	\$ 42
Reasonably possible	na	\$ 26	\$ 52	na	\$ 10	\$ 34

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.

^{na} An "na" reference in the table means the data is not-applicable.

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 government are \$40 billion and \$40 billion as of September 30, 2021, and 2020, respectively, and are included in "Other Liabilities" on the 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 \$6 billion in fiscal year 2021 and \$6 billion in fiscal year 2020.

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 \$26 billion to \$52 billion as of September 30, 2021, and from \$10 billion to \$34 billion as of September 30, 2020. The estimated lower and upper range of potential loss for reasonably possible claims and actions increased by \$16 billion and \$18 billion, respectively, from fiscal year 2020 to fiscal year 2021. The increase is primarily due to new legal cases, along with the net change between legal cases with a change in the likelihood of loss, the amount of potential loss, and legal cases that are no longer pending.

In accordance with the *Nuclear Waste Policy Act of 1982* (NWPA), DOE entered into more than 69 standard contracts with utilities in which, in return for payment of fees into the Nuclear Waste Fund, DOE agreed to begin disposal of 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. Significant litigation claiming damages for partial breach of contract has ensued as a result of this delay. Based on settlement estimates, the total liability estimate as of September 30, 2021 is \$40 billion. After deducting the cumulative amount paid of \$9 billion as of September 30, 2021 under settlements, and as a result of final judgments, the remaining liability is estimated to be approximately \$31 billion, compared to approximately \$31 billion as of September 30, 2020.

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, in these cases, damages of \$1 billion are currently sought.

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 federal government's financial position or operating results.

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 federal 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 (please refer to Note 9 – *Investments in government-sponsored enterprises*). One case also alleges that the federal 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 federal government. With respect to certain cases pending before the US Court of Federal Claims, the federal government's motion to dismiss was granted with respect to certain claims and denied with respect to certain other claims. The parties have appealed, and the appeals are still pending. 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. 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 FHFA to proceed. In June 2021, the Supreme Court dismissed the plaintiffs' claim that FHFA lacked statutory authority to enter into the Third Amendment, held that the FHFA director could be removed at will by the President, and held that the statutory limitation that the FHFA director can only be removed for cause is an unconstitutional violation of separation of powers but does not invalidate the third amendments. The Court also left open the possibility that the plaintiffs may be entitled to retrospective relief if the unconstitutional provision inflicted "compensable harm", and further proceedings are anticipated in the lower court. A case in the US District Court for the District of Minnesota was dismissed, and the Eighth Circuit Court of Appeals affirmed in part and reversed in part. A case in the US District Court for the Western District of Michigan was dismissed, and an appeal is pending. A case in the Eastern District of Pennsylvania remains in litigation, and a motion to dismiss is pending. Treasury is unable to determine the likelihood of an unfavorable outcome or an estimate of potential loss in these cases at this time.

Insurance and guarantees

As discussed in the *Financial Report Note 1.O – 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. Please refer to *Note 17 – Insurance and guarantee program liabilities* for insurance and guarantee liabilities and *Note 14 – Employee and veteran benefits payable* for insurance related to federal employee and veteran benefits.

Entities reporting for under FASB

PBGC, FCSIC, and FDIC are the main contributing consolidation entities with significant insurance or guarantee programs that apply FASB standards. Insurance in-force estimates and a discussion on the PBGC coverage are disclosed to provide an understanding on the magnitude of the programs. Current conditions indicate it is unlikely that losses equal to the maximum risk exposure described below would be incurred.

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 federal government. As of September 30, 2021, PBGC's single-employer and multiemployer pension insurance programs had \$151 billion and \$4 billion in total assets, respectively. In fiscal year 2020, PBGC reported pension insurance program total assets for single-employer and multiemployer of \$144 billion and \$3 billion, respectively.

PBGC operates two separate pension insurance programs: a single-employer program and a multiemployer program. The single-employer program covered about 23 million people (excluding those in plans that PBGC has trustee) in fiscal year 2021, down from about 24 million people in fiscal year 2020, and the maximum guaranteed annual benefit for participants who are in a plan that terminated in fiscal year 2021 and commence benefits at age 65 is \$72,409. 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 2021 was about 23,900.

The multiemployer program covers about 11 million participants in about 1,360 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 multiemployer 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. On March 11, 2021 the President signed into law the ARP. The ARP established a new multiemployer SFA program resulting in a new source of financing from the General Fund. PBGC will

receive appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. Unlike traditional financial assistance where PBGC provided assistance to the multiemployer plans in the form of a loan, the new special financial assistance will be provided via a transfer (pass through of funds) with no obligation of repayment. Prior to enactment of the ARP, PBGC's multiemployer program was projected to become insolvent in fiscal year 2026. By providing special financing assistance to the most financially troubled multiemployer plans, ARP significantly extends the solvency of PBGC's multiemployer program. New projections show a median projected insolvency in fiscal year 2055. Please refer to PBGC financial statements for additional information.

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 System Banks. Systemwide Debt Securities are not obligations of and are not guaranteed by the federal government. As stated in the Farm Credit Quarterly Information Statement of the Farm Credit System, outstanding Systemwide Debt Securities reported by the Farm Credit System Banks totaled \$329 billion and \$309 billion as of September 30, 2021, and 2020 respectively. The insurance provided by FCSIC is also not an obligation of and is not guaranteed by the federal 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, 2021, and 2020, FCSIC reported an Insurance Fund balance of \$6 billion and \$5 billion, respectively.

FDIC insures bank and savings association deposits, which exposes FDIC to various risks. FDIC has estimated total insured deposits of \$9,577 billion and \$8,927 billion as of September 30, 2021, and 2020 respectively, for the Deposit Insurance Fund (DIF). The increase in insured deposits is due in part to the result of actions taken by monetary and fiscal authorities, and individuals, businesses, and financial market participants in response to the COVID-19 pandemic in fiscal year 2020. Additional rounds of federal stimulus payments, and elevated personal savings contributed to the increase in insured deposits in fiscal year 2021.

The federal government has guarantee contingencies that are reasonably possible in the amount of \$106 billion and \$186 billion as of September 30, 2021, and 2020, respectively.

PBGC reported \$106 billion and \$186 billion as of September 30, 2021, and 2020, respectively, for the estimated aggregate unfunded vested benefits exposure to PBGC for private-sector single-employer and multiemployer defined benefit pension plans that are classified with a reasonably possible exposure to loss. As of September 30, 2021, PBGC's estimate of its single-employer reasonably possible exposure decreased to \$105 billion. The single-employer program contingencies decrease of \$71 billion is largely due to the positive investment results on plan assets during calendar year 2020 and the decline in the number of companies with lower than investment grade bond ratings and/or credit scores. PBGC's estimate of its multiemployer reasonably possible exposure decreased to less than \$1 billion in fiscal year 2021. The \$9 billion decrease in the multiemployer program contingency exposure is primarily due to the removal of thirteen larger plans that are no longer classified as reasonably possible and the decline in the reasonably possible small plan bulk reserve due to adjustments made to account for the new SFA program.

FDIC reported less than \$1 billion as of September 30, 2021, and 2020 for additional risk identified 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 reporting 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 for consolidation entities with significant insurance programs that apply FASAB standards in accordance with SFFAS No. 51, *Insurance Programs*.

Insurance in-force

(In billions)	2021	2020
Ginnie Mae – Department of Housing and Urban Development	\$ 2,126	\$ 2,118
National Credit Union Share Insurance Fund – National Credit Union Administration	\$ 1,600	\$ 1,400
National Flood Insurance Program – Department of Homeland Security	\$ 1,341	\$ 1,339
Federal Crop Insurance – Department of Agriculture	\$ 150	\$ 127

Ginnie Mae insures MBS and commitments, which exposes Ginnie Mae to various risks. Ginnie Mae's MBS program guarantees the timely payment of principal and interest on securities backed by pools of mortgage loans insured 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, net and loan guarantee liabilities*.

NCUA operates and manages the National Credit Union Share Insurance Fund (NCUSIF), insuring the deposits of over 129 million account holders in all federal credit unions and the majority of state-chartered credit unions. The \$200 billion increase in the NCUSIF as of September 30, 2021 was primarily due to elevated savings rates, declining unemployment, rising wages, federal stimulus payments, and the continuation of various loan forbearance programs. NCUSIF insures the balance of each members' accounts, dollar-for-dollar, up to at least the standard maximum share insurance amount of \$250,000.

NFIP, managed by Federal Emergency Management Agency (FEMA), 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. FEMA 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 \$30 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, 2021, and 2020, 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 Federal Crop Insurance Program, administered by USDA's FCIC, is considered a short-duration exchange transaction insurance program. The crop insurance policies insure against unexpected declines in yield and/or price due to natural causes. There were approximately 1 million and 1 million crop insurance policies in force for crop years 2021, and 2020, respectively. The insurance policies are structured as a contract between Approved Insurance Providers and 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 insurance protection in force increased \$23 billion in crop year 2021 primarily due to higher crop prices, and the widespread drought which had a significant impact to projected losses for crops in the western states and the northern plains.

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 a permanent indefinite appropriation for the crop insurance program used to cover premium subsidy, delivery expenses, losses in excess of premiums, and research and delivery costs. FCIC has no outstanding borrowing as of September 30, 2021.

Please refer to the financial statements of the main contributing entities, HUD, NCUA, DHS, and USDA for additional information.

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 certified acts of terrorism and provides a federal government backstop for the insurers' resulting financial exposure. This statute 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 federal 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 2021 and 2020, the Program Trigger amount was \$200 million. The Program Trigger will remain at \$200 million each year through the expiration of TRIP in 2027. Insured losses above insurer deductibles will be shared between insurance companies and the federal 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, 2021 or 2020.

Other contingencies

DOT, HHS, Treasury, and the US Securities and Exchange Commission (SEC) 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. The state may submit a written request to FHWA that a project be converted to a regular federal aid project at any time provided that sufficient federal aid funds and obligation authority are available. As of September 30, 2021, and 2020, FHWA has \$69 billion and \$69 billion, respectively, of advanced construction authorizations that could be converted to federal obligations subject to the availability of funds. These authorizations have not been recognized in the DOT consolidated financial statements.

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 \$4 billion for fiscal years ending September 30, 2021, and 2020. 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 GSEs. There were no probable future draws accrued as of September 30, 2021, and 2020, and the total amount of reasonably possible future draws is not estimable as of September 30, 2021. Refer to *Note 9 – Investments in government-sponsored enterprises* for additional information.

SEC's Division of Enforcement program, Office of the Whistleblower, rewards individuals who provide the entity with tips that lead to successful enforcement actions. SEC has accrued contingent liabilities of \$132 million and \$255 million as of September 30, 2021, and 2020 respectively, for whistleblower awards. The Investor Protection Fund provides funding for the payment of whistleblower awards as required by the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010*. Please refer to the SEC financial statements for additional information regarding whistleblower awards.

When a contingency originates from the federal government's involvement in a treaty or other international agreement, the responsible reporting entity must establish a contingent liability or include a required note disclosure to its financial statements in accordance with guidance in SFFAS No. 5. Refer to Note 21 – *Commitments* for additional 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 23 – Funds from dedicated collections

(In billions)	2021	2020
Federal	\$ 3,483	\$ 3,474
State and local	—	—
Total funds from dedicated collections	\$ 3,483	\$ 3,474

Federal government

2021

(in billions)	Federal Old-Age and Survivors Insurance Trust Fund (Combined)	Federal Disability Insurance Trust Fund (Combined)	Federal Medicare Insurance Trust Funds (Part A,B,D) (Combined)	All Other Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Combined)	Funds from Dedicated Collections Eliminations	Total Funds from Dedicated Collections (Consolidated)
Assets							
Cash and other monetary assets	\$ —	\$ —	\$ —	\$ 182	\$ 182	\$ —	\$ 182
Accounts receivables, net	2	3	16	26	47	—	47
Loans receivable, net	—	—	—	2	2	—	2
Inventory and related property, net	—	—	—	2	2	—	2
General property, plant and equipment, net	—	—	—	36	36	—	36
Investments	—	—	—	32	32	—	32
Advances and prepayments	—	—	67	11	78	—	78
Other assets	—	—	—	19	19	—	19
Investments in Treasury securities, net of unamortized premiums/discounts	2,756	98	307	239	3,400	—	3,400
Other federal assets	17	1	233	290	541	(176)	365
Total assets	\$ 2,775	\$ 102	\$ 623	\$ 839	\$ 4,339	\$ (176)	\$ 4,163
Liabilities and net position							
Accounts payable	\$ —	\$ —	\$ —	\$ 5	\$ 5	\$ —	\$ 5
Federal employee and veteran benefits payable	—	—	—	7	7	—	7
Environmental and disposal liabilities	—	—	—	26	26	—	26
Benefits due and payable	88	20	80	18	206	—	206
Insurance and guarantee program liabilities	—	—	—	4	4	—	4
Advances from others and deferred revenues	—	—	1	64	65	—	65
Other liabilities	—	—	—	201	201	—	201
Federal liabilities	6	1	132	203	342	(176)	166
Total liabilities	94	21	213	528	856	(176)	680
Net position							
Total net position	2,681	81	410	311	3,483	—	3,483
Total liabilities and net position	\$ 2,775	\$ 102	\$ 623	\$ 839	\$ 4,339	\$ (176)	\$ 4,163
Change in net position							
Net position, beginning of period	\$ 2,741	\$ 79	\$ 364	\$ 287	\$ 3,471	\$ —	\$ 3,471
Individual income taxes and tax withholdings	831	141	302	—	1,274	—	1,274
Other taxes and miscellaneous earned revenue	—	—	(1)	124	123	—	123
Other changes in fund balance	27	(2)	469	200	694	—	694
Federal non-exchange revenue	69	3	6	28	106	—	106
Total financing sources	927	142	776	352	2,197	—	2,197
Program gross costs and non-program expenses	987	140	853	402	2,382	(2)	2,380
Less: program revenue	—	—	(123)	(74)	(197)	2	(195)
Net cost	987	140	730	328	2,185	—	2,185
Ending net position	\$ 2,681	\$ 81	\$ 410	\$ 311	\$ 3,483	\$ —	\$ 3,483

PART II
Item 8

2020

(in billions)	Federal Old-Age and Survivors Insurance Trust Fund (Combined)	Federal Disability Insurance Trust Fund (Combined)	Federal Medicare Insurance Trust Funds (Part A,B,D) (Combined)	All Other Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Combined)	Funds from Dedicated Collections Eliminations	Total Funds from Dedicated Collections (Consolidated)
Assets							
Cash and other monetary assets	\$ —	\$ —	\$ —	\$ 70	\$ 70	\$ —	\$ 70
Accounts receivables, net	2	3	12	22	39	—	39
Loans receivable, net	—	—	—	3	3	—	3
Inventory and related property, net	—	—	—	2	2	—	2
General property, plant and equipment, net	—	—	—	35	35	—	35
Investments	—	—	—	42	42	—	42
Other assets	—	—	104	28	132	—	132
Investments in Treasury securities, net of unamortized premiums/discounts	2,811	97	221	198	3,327	—	3,327
Other federal assets	18	1	183	272	474	(160)	314
Total assets	\$ 2,831	\$ 101	\$ 520	\$ 672	\$ 4,124	\$ (160)	\$ 3,964
Liabilities and net position							
Accounts payable	\$ —	\$ —	\$ —	\$ 7	\$ 7	\$ —	\$ 7
Federal employee and veteran benefits payable	—	—	—	3	3	—	3
Environmental and disposal liabilities	—	—	—	26	26	—	26
Benefits due and payable	84	21	70	13	188	—	188
Insurance and guarantee program liabilities	—	—	—	9	9	—	9
Other liabilities	—	—	1	152	153	—	153
Federal liabilities	6	1	85	172	264	(160)	104
Total liabilities	90	22	156	382	650	(160)	490
Net position							
Total net position	2,741	79	364	290	3,474	—	3,474
Total liabilities and net position	\$ 2,831	\$ 101	\$ 520	\$ 672	\$ 4,124	\$ (160)	\$ 3,964
Change in net position							
Net position, beginning of period	\$ 2,740	\$ 79	\$ 298	\$ 388	\$ 3,505	\$ 13	\$ 3,518
Prior-period adjustment	—	—	—	—	—	(13)	(13)
Beginning net position, adjusted	2,740	79	298	388	3,505	—	3,505
Individual income taxes and tax withholdings	842	143	299	—	1,284	—	1,284
Other taxes and miscellaneous earned revenue	—	—	(1)	107	106	—	106
Other changes in fund balance	29	(1)	429	98	555	(1)	554
Federal non-exchange revenue	75	3	2	28	108	—	108
Total financing sources	946	145	729	233	2,053	(1)	2,052
Program gross costs and non-program expenses	945	145	780	392	2,262	—	2,262
Less: program revenue	—	—	117	61	178	1	179
Net cost	945	145	663	331	2,084	(1)	2,083
Ending net position	\$ 2,741	\$ 79	\$ 364	\$ 290	\$ 3,474	\$ —	\$ 3,474

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, ORB, OPEB, 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 to 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 federal government-owned. For additional information related to fiduciary activities, see *Note 24 – 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 federal 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 intra-governmental 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 federal 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 13 – Debt and interest payable* for additional information related to the investments in federal debt securities.

Below is a description of the major funds from dedicated collections, which also identifies the federal government entities that administer each particular fund. For additional information regarding funds from dedicated collections, please refer to the financial statements of the corresponding administering entities. For additional information on the benefits due and payable liability associated with certain funds from dedicated collections, see *Note 16 – Benefits due and payable*.

Federal Old-Age and Survivors Insurance Trust Fund

The Federal 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 Federal 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 Federal 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 Disability Insurance Trust Fund

The Federal 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 Federal OASI Trust Fund, payroll taxes primarily fund the Federal 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 Federal 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 Medical Insurance Trust Funds (Medicare Parts A, B and D)

The Federal HI Trust Fund, administered by HHS, finances 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 Federal 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.

The Federal Supplemental Medical Insurance (SMI) Trust Fund, administered by HHS, finances the Medicare Part B and the Medicare Prescription Drug Benefit Program (Medicare Part D). These programs provide SMI benefits 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. 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: DOT, DOC, DOI, Treasury, DOD, RRB, DOE, HUD, and DOJ.

In accordance with SFFAS No. 43, any funds established to account for pension, other retirement, or OPEB to civilian or military personnel are excluded from the reporting requirements related to funds from dedicated collections.

The federal government elected to implement a change in accounting principle in fiscal year 2020. SFFAS No. 27 allows disclosure of funds from dedicated collections amounts to be shown combined or consolidated. In fiscal year 2019 the funds from dedicated collections disclosure used the combined method. In fiscal year 2020 funds from dedicated collections amounts are reported as consolidated as shown in the table above and on Statements of Operations and Changes in Net Position. This change in accounting principle increased funds from dedicated collections eliminations by \$13 billion and decreased funds from dedicated collections beginning net position by \$13 billion.

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 24 – Fiduciary activities

(In billions)	2021	2020
Federal	\$ 797	\$ 674
State and local	—	—
Total fiduciary net assets	\$ 797	\$ 674

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. The federal government's fiduciary activities include the TSP, which is administered by the FRTIB, and the Indian Tribal and individual Indian Trust Funds, which are administered by the DOI.

(In billions)	2020	2019
Thrift Savings Fund	\$ 784	\$ 662
All other	13	12
Total fiduciary net assets	\$ 797	\$ 674

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 federal debt and interest payable and a liability for fiduciary fund balance with Treasury, respectively.

As of September 30, 2021, total fiduciary investments in Treasury securities and in non-Treasury securities are \$120 billion and \$508 billion, respectively. As of September 30, 2020, total fiduciary investments in Treasury securities and in non-Treasury securities were \$292 billion and \$394 billion, respectively. The decrease in Treasury securities relates to the delay in raising the statutory debt limit that was ongoing as of September 30, 2021. See the *Thrift Savings Plan* section below. Refer to *Note 13 – Debt and interest payable* for more information on Treasury securities.

As of September 30, 2021, and 2020, the total fiduciary fund balance with Treasury is \$3 billion and \$3 billion, respectively. A liability for this fiduciary fund balance with Treasury is reflected as other miscellaneous liabilities in *Note 19 – Other liabilities*.

As of September 30, 2021, and 2020, collectively, the fiduciary investments in Treasury securities and fiduciary fund balance with Treasury held by all federal government entities represent \$164 billion and \$8 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*. This increase relates to the delay in raising the statutory debt limit that was ongoing as of September 30, 2021. See the *Thrift Savings Plan* section below.

Thrift Savings Plan

The Thrift Savings Fund (TSF) maintains and holds in trust the assets of the TSP. The TSP is administered by an independent federal 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. This includes two fixed income funds, three stock funds and ten lifecycle funds. 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, 2021, and 2020, the TSP held \$784 billion and \$662 billion, respectively, in net assets, which included \$116 billion and \$287 billion, respectively, of nonmarketable 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, 2020, and 2019. For additional information about FRTIB, the TSP and the investment options of the TSP, please refer to the FRTIB website at <https://www.frtib.gov/>.

A delay in raising the statutory debt limit existed as of September 30, 2021. When delays in raising the statutory debt limit occur, Treasury often must deviate from its normal debt management operations and take a number of extraordinary measures consistent with relevant laws and regulations to meet the federal government's obligations as they come due without exceeding the debt limit. Many extraordinary measures taken by Treasury during the period August 2, 2021 through September 30, 2021 resulted in federal debt securities not being issued to certain federal government accounts. As reported in *Note 19 - Other liabilities*, as a result of Treasury securities not being issued to the TSP's G Fund, Treasury reported other liabilities in the amount of \$157 billion that represent uninvested principal and related interest for TSP's G Fund that would have been reported as federal debt securities had there not been a delay in raising the statutory debt limit as of September 30, 2021, and had the securities been issued.

On October 14, 2021, P. L. 117-50 was enacted which raised the statutory debt limit by \$480 billion, from \$28,402 billion to \$28,882 billion. Even with this increase, extraordinary measures continued in order for Treasury to manage below the debt limit. On December 16, 2021, P.L. 117-73 was enacted, raising the debt limit by \$3 trillion from \$28,882 billion to \$31,382 billion. On this date, Treasury discontinued its use of extraordinary measures and resumed normal debt management operations.

All other entities with fiduciary activities

Department of Interior – 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 Bureau of Trust Funds Administration (BTFA) (formerly the Office of the Special Trustee for American Indians). Indian trust assets, including Tribal and Other Trust Funds and IIM Trust Funds, are primarily managed under the delegated authority of BTFA and Bureau of Indian Affairs (BIA). Management of Indian trust assets on behalf of the trust beneficiaries is dependent upon the processing of trust-related transactions within certain information systems of the department, including but not limited to BTFA, BIA, Office of Natural Resources Revenue (ONRR), and other departmental bureaus and offices. BIA and other departmental bureaus and offices are responsible for managing the natural resources located within the boundaries of Indian reservations and trust lands, as well as the processing of data regarding the ownership and leasing of Indian lands. The allocation of receipts and disbursements by BTFA to trust beneficiaries are significantly dependent and reliant upon the receipt of timely and accurate information derived from records maintained by BIA, ONRR, and other departmental bureaus and offices. 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, 2021, and 2020, the DOI held \$6 billion and \$6 billion, respectively, in net assets. For additional information related to these assets, please refer to the DOI website at <https://www.doi.gov/>.

All other entities

The federal government is responsible for the management of other fiduciary net assets on behalf of various non-federal entities. The 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, 2021, and 2020, including TSP and DOI, there are a total of 20 federal entities with

fiduciary activities at a grand total of 67 fiduciary funds. SBA and DOD are the largest entities relating to the fiduciary activities of the remaining entities within the “all other” aggregate balance. As of September 30, 2021, “all other” fiduciary net assets were \$6 billion, compared to \$6 billion as of September 30, 2020.

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 25 – Stewardship property, plant, and equipment

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 federal government during the first century of the nation’s existence.

Stewardship land is land and land rights owned by the federal government but not acquired for or in connection with items of general PP&E. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing. “Land” is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources) related to land.

Additional 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 DOD, DOI, EPA, HHS, TVA, and USDA.

Heritage assets are federal 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.

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 federal 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 federal 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.

Entities provide protection and preservation services to maintain all heritage assets in the best possible condition as part of America’s history. Examples of heritage assets include the Declaration of Independence, the US Constitution, and the Bill of Rights preserved by the National Archives.

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 DOI, DOC, DHS, VA, DOT, State, DOD, TVA, GSA, NASA, and USDA 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)	2021	2020	2019
Royalties	\$ 9	\$ 7	\$ 10
Bonus	—	1	2
Other ¹	1	—	—
Total reported revenue	\$ 10	\$ 8	\$ 12

¹ 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://revenue.data.doi.gov/downloads/federal-revenue-by-company/>. Includes American Indian, federal offshore, and federal onshore resources.

¹ This category includes revenues that are not included in the royalties and bonus categories, such as: minimum royalties, estimated royalties, settlement agreements, and interest.

The Government Accountability Office has identified challenges in the 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.⁸⁰

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 26 – 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)	2021	2020
Medicaid and CHIP	\$ 537	\$ 476
Other non-cash programs for aid to the disadvantaged	148	94
Transportation	87	69
Elementary and secondary education	62	39
Other grants	413	152
Grants per the federal government	1,247	830
Federal non-grant assistance to territories and state and local governments	2	151
Total federal grant and non-grant assistance per the federal government	1,249	981
Difference between federal and state and local reporting of transfers	(132)	(73)
Total federal grant and non-grant assistance per state and local governments	\$ 1,117	\$ 908

Federal debt securities held as investments by government accounts

Federal accounts

(In billions)	Balance 2020	Net Change during Fiscal Year 2021	Balance 2021
Social Security Administration, Federal Old-Age and Survivors Insurance Trust Fund	\$ 2,811	\$ (55)	\$ 2,756
Office of Personnel Management, Civil Service Retirement and Disability Fund	962	(36)	926
Department of Defense, Military Retirement Fund	916	116	1,032
All other programs and funds	1,238	194	1,432
Subtotal	5,927	219	6,146
Total net unamortized premiums/(discounts) for intergovernmental	72	14	86
Total intergovernmental debt holdings, net	\$ 5,999	\$ 233	\$ 6,232

Intra-governmental 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 13 – Debt and interest payable*, the delay in raising the debt limit still existed as of September 30, 2021. As such, suspension of certain investments of the Civil Service Retirement and Disability Fund contributed to the decrease in the intra-governmental debt holdings balance for the fund.

Federal government entities that held investments in Treasury securities include trust funds that have funds from dedicated collections. For additional information on funds from dedicated collections, see *Note 23 – Funds from dedicated collections*. These intra-governmental debt holdings are eliminated in the consolidation of the federal financial statements in the *Financial Report*.

State accounts

(In billions)	2021	2020
Treasury securities – non-pension	\$ 1,314	\$ 1,035
Treasury securities – pension	395	290
Loans from the federal government	(22)	(21)
Net federal assets held by state and local governments	\$ 1,687	\$ 1,304

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 27 – 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.

(In billions)	2021			2020		
	Revenues	Expenditures	Net	Revenues	Expenditures	Net
Employee retirement and disability	\$ 173	\$ 565	\$ 392	\$ 163	\$ 540	\$ 377
Higher education	115	311	196	122	321	199
Transit systems	8	87	79	17	90	73
Public hospitals	198	217	19	187	202	15
Sewerage and waste management	89	98	9	87	94	7
US Postal Service	79	76	(3)	77	75	(2)
Tennessee Valley Authority	55	54	(1)	55	54	(1)
Water utilities	80	75	(5)	76	73	(3)
Gas and electric utilities	88	79	(9)	89	81	(8)
Other key offsetting amounts	414	405	(9)	420	410	(10)
Total offsetting amounts	\$ 1,299	\$ 1,967	\$ 668	\$ 1,293	\$ 1,940	\$ 647

See descriptions of our Government-run business that are presented above (e.g. Tennessee Valley Authority) at *Exhibit 99.04*.

Note 28 - 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 the *Financial Report*. For consolidation entities, the assets, liabilities, results of operations, and related activity are consolidated into the federal government's 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 the federal government is disclosed in the notes to the consolidated financial statements. Disclosure entities and related parties are important to the *Financial Report* but are not consolidated into the federal government's 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 the federal government; c) controlled by the federal government; or d) would be misleading to exclude. Disclosure entities have a greater degree of autonomy with the federal government than consolidation entities. In addition, organizations may be owned or controlled by the federal government as a result: of a) regulatory actions (such as organizations in receivership or conservatorship); or b) other federal government intervention actions. Under such regulatory or other intervention actions, if the relationship with the federal 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 the *Financial Report* are Federal Reserve (FR) System, SPVs, 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 the *Financial Report*.

Federal Reserve System

Congress, under the *Federal Reserve Act of 1913* (Federal Reserve Act), created the FR System. The FR System includes the Federal Reserve Board, the FRB, 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 operations, and check collections), providing certain financial

services to federal entities and fiscal principals, and serving as the federal 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 the federal government does not ratify its decisions.

The 12 FRB 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 Federal Reserve Board, and six board members elected by their member banks. The FRB participate in formulating and conducting monetary policy, distributing currency and coin, and serving as the federal government's fiscal agent, as well as the fiscal agent for other fiscal principals. Fiscal principals, generally speaking, relate to banks, credit unions, and savings and loan institutions. Additionally, the FRB 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 Federal Reserve Board and the Secretary of the Treasury.

The federal government interacts with FRB in a variety of ways, including the following:

- The FRB serve as the federal government's fiscal agent and depository, executing banking and other financial transactions on the federal government's behalf. The federal government reimburses the FRB for these services;
- The FRB hold Treasury and other federal securities in the FRBs' System Open Market Account (SOMA) for the purpose of conducting monetary policy (see *Note 13 - Debt and interest payable*);
- The FRB hold gold certificates issued by the federal government in which the certificates are collateralized by gold (see *Note 2 - Cash and other monetary assets*);
- The FRB hold SDR certificates issued by the federal government which are collateralized by SDR (see *Note 2 - Cash and other monetary assets*); and
- The FRB are required by Federal Reserve Board policy to transfer their excess earnings to the federal government.

Federal Reserve System Structure

The Federal Reserve 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 Federal Reserve Board member is 14 years, and the appointments are staggered so that one term expires on January 31 of each even-numbered year. The Federal Reserve 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 Federal Reserve Board has general supervisory responsibilities for the 12 FRB, and issues currency (Federal Reserve Notes) to the FRB for distribution.

The FOMC is comprised of the seven Federal Reserve 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

Monetary policy comprises the Federal Reserve's actions and communications to promote maximum employment, stable prices, and moderate long-term interest rates; the economic goals the Congress has instructed the Federal Reserve to pursue. The effects of the COVID-19 pandemic have continued to weigh on the US economy, and employment has remained well below pre-pandemic levels. Furthermore, shortages of material inputs and difficulties in hiring have held down activity in a number of industries. In part because of these bottlenecks and other largely transitory factors, personal consumption expenditures prices rose 4% the twelve months ending in May.

During fiscal year 2021, the FOMC held its policy rate near zero and continued to purchase Treasury securities and agency MBS to support the economic recovery. These measures, along with the FOMC's guidance on interest rates and the Federal Reserve's Balance Sheet, will help ensure that monetary policy continues to deliver powerful support to the economy until

the recovery is complete. As of July 2021, the FOMC expected to maintain the target range for the federal funds rate until labor market conditions have reached levels consistent with its assessments of maximum employment and inflation has risen to 2% and is on track to moderately exceed that rate for some time. In January 2022, the FOMC indicated that it expects it will soon be appropriate to raise the target range for the federal funds rate.

Throughout fiscal year 2021, the Federal Reserve continued to undertake asset purchases, increasing its holdings of Treasury securities by \$80 billion per month and its holdings of agency MBS by \$40 billion per month. Subsequent to September 30, 2021, the FOMC decided to reduce its monthly pace of net asset purchases of Treasury securities and agency MBS, and intends to bring them to an end in early March 2022. These purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

Federal Reserve System Assets, Liabilities, Revenues, Expenses, Gains, and Losses

The FRB hold Treasury and other securities in the SOMA for the purpose of conducting monetary policy. As of September 30, 2021, Treasury securities held by the FRB totaled \$3,804 billion, which excludes \$1,628 billion in Treasury securities used in overnight reverse repurchase transactions. As of September 30, 2020, Treasury securities held by the FRB totaled \$4,050 billion, which excludes \$395 billion in Treasury securities used in overnight reverse repurchase transactions. Such securities are included in federal debt and interest payable (see *Note 13 – Debt and interest payable*). For fiscal years ended September 30, 2021, and 2020, Treasury incurred interest cost relating to the FRB's Treasury holdings amounting to \$87 billion and \$64 billion, respectively, which is included in interest on Treasury securities held by the public on the Statement of Net Cost. Unrestricted Cash held on deposit at the FRB as of September 30, 2021, and 2020, was \$198 billion and \$1,770 billion, respectively, and are included in cash and other monetary assets. In addition, restricted cash as of September 30, 2021, and 2020, was \$46 billion and \$41 billion, respectively; a significant portion is held on deposit at the FRB (see *Note 2 – Cash and other monetary assets*). The outstanding SDR certificates issued by the federal government to the Federal Reserve, valued at \$5 billion as of September 30, 2021 and 2020, which are reported under Other Liabilities on the federal government's Balance Sheet (see *Note 19 – Other liabilities*).

Treasury securities are generally subject to the same market condition as other financial instruments. In the open market, the FRB 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 Federal Reserve Board and the FRB, may be obtained at <https://federalreserve.gov>.

FRB Residual Earnings Transferred to the Government

FRB 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 FRB 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 Federal Reserve Board policy to transfer to the federal 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 \$7 billion for all FRB. 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 \$7 billion aggregate surplus funds limitation, an FRB will suspend its payments to the federal 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 of \$100 billion and \$82 billion for fiscal years ended September 30, 2021, and 2020, respectively, are reported as other taxes and receipts on the Statements of Operations and Changes in Net Position. Accounts receivable, 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, 2021, and 2020, accounts receivable on FRB's residual earnings are \$0.3 billion and \$0.2 billion, respectively (see *Note 3 – Accounts receivable, net*).

Special purpose vehicles

In response to the COVID-19 pandemic, the federal government holds equity investments in SPVs established by the Federal Reserve Board for the purpose of enhancing the liquidity of the US financial system. Involvement in these programs represents non-permanent intervention activities designed to help mitigate the economic impacts of the pandemic. Accordingly, the federal government's equity interests in these SPVs meet the SFFAS No. 47 criteria for classifying our SPV investments as disclosure entities. These entities are not consolidated as part of the federal government's consolidated financial statements; however, the value of the investments in the SPVs, changes in value, and related activity with the SPVs are included in the federal government's consolidated financial statements (see *Note 8 – Investments in special purpose vehicles*).

Fannie Mae and Freddie Mac

In 2008, during the financial crisis, the federal 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 federal government's consolidated financial statements. However, the values of the investments in such entities, changes in value, and related activity with these entities are included in the federal government's consolidated financial statements (see *Note 9 – 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 D.C. law. It is not a department, entity, or instrumentality of the federal government. Amtrak's classification as a disclosure entity is attributable to being a) listed in the budget; b) 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, 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 President of Amtrak also is a board member and is appointed by the board. Amtrak does not take actions on behalf of the federal government but benefits the national economy by providing a transportation option in 46 states and the D.C.

The federal 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, current federal 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. The federal 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, the federal government has provided funding to Amtrak, since 1972, primarily through grants and loans. Amtrak receives grants from the federal 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 the federal government's annual budget and the DOT financial statements. For the fiscal year ended September 30, 2021, the net cost amount was \$3 billion, and total budgetary outlays were \$5 billion. For the fiscal year ended September 30, 2020, the net cost amount was \$3 billion, and total budgetary outlays were \$3 billion.

The federal 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. The federal 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 federal 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 the *Financial 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 the *Financial 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 the *Financial Report*.

Federal Home Loan Banks

The federal government is empowered with supervisory and regulatory oversight of the 11 FHLBanks. The federal 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 are not federal government entities and do not receive financial support from taxpayers. The federal 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 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. Due to the market volatility brought about by the COVID-19 pandemic and the resulting decline in interest rates, investors preferred short-term obligations. The FHLBanks continued to benefit from strong investor interest and managed debt issuance to meet the needs of members. Financial and other information concerning FHLBanks including financial statements may be obtained at <https://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 New Arrangements to Borrow (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 SDR. 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 SDR 83 billion. The equivalent dollar value of the quota total US as of September 30, 2021 and 2020, was approximately \$117 billion and approximately \$117 billion, respectively. The federal 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 \$33 billion as of September 30, 2021, and approximately \$31 billion as of September 30, 2020, with the remaining undrawn letter of credit representing the balance (see *Note 2 – Cash and other monetary assets* and *Note 21 – Commitments*). The federal 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 federal 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. In accordance with the CARES Act, effective January 1, 2021, US participation in the NAB increased by SDR 28 billion. Accordingly, the federal government's participation in the NAB as of September 30, 2021 and 2020, was SDR 56 billion and SDR 28 billion, which is equivalent to \$80 billion and \$40 billion, respectively. When the federal government transfers funds to the IMF under the NAB, it receives a liquid and interest-bearing claim on the IMF. As of September 30, 2021, and 2020, loans outstanding to the IMF from the federal government under the NAB stood at \$1 billion and \$2 billion, respectively. These loans were reported under Loans Receivable, Net 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. The federal 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, 2021, and 2020, the federal government's total undrawn financial commitment to the IMF was \$163 billion and \$123 billion, respectively, which is composed of the quota related letter of credit and the undrawn portion of the NAB (see *Note 21 – 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. In fiscal year 2021, the IMF approved a historic allocation of SDRs of \$650 billion to further support the COVID-19 recovery. This is the largest allocation in the IMF's history, which substantially boosted the reserves and liquidity of the IMF's member countries, without adding to their debt burdens. The US received an additional 80 billion SDRs valued at \$113 billion as a part of this historic allocation. 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, 2021 and 2020, amounted to \$164 billion and \$52 billion, respectively, and includes the SDR allocation as well as purchased SDR (see *Note 2 – Cash and other monetary assets*). The SDR liability as of September 30, 2021 and 2020, amounted to \$162 billion and \$50 billion, respectively (see *Note 19 – Other liabilities*).

Historically, IMF has never experienced a default by a borrowing country. The federal 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 the federal government will experience future losses as a result of its additional commitments.

Additionally, the federal 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. The federal 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 11 – Other assets* and *Note 21 – Commitments* for additional information).

Private Export Funding Corporation

The financial statements reflect the results of agreements with PEFCO. PEFCO, is owned by a consortium of private-sector banks, industrial companies, and financial services institutions. It makes and purchases from private sector lenders, medium-term and long-term fixed-rate, and variable-rate loans guaranteed by 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, and it grants to EXIM Bank a broad measure of supervision over certain of 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. In September 2020, the EXIM Board of Directors unanimously voted to renew its agreement with PEFCO for 25 years.

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 \$3,419 million at September 30, 2021 and \$3,199 million at September 30, 2020, are included by EXIM Bank in the total for guarantee, insurance and undisbursed loans and the allowance related to these transactions is included in the Loan Guarantee Liabilities on the Balance Sheets.

EXIM Bank received fees totaling \$47 million in fiscal year 2021 and \$39 million in fiscal year 2020 for the agreements.

Note 29 – Public-private partnerships

The federal 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 the federal 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. GSA and DOE have entered into contracts with the private sector that meet the criteria for P3s. 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 GSA and DOE are \$1 billion and \$1 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, DOC has entered into a P3 contract on another matter. 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. The Nationwide Public Safety Broadband Network is being 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 D.C., including rural communities and tribal nations. Under the terms of the contract, total receipts for DOC over the life of the contract are \$18 billion based on annual payments AT&T is required to make. Payments received from AT&T and that are retained by FirstNet are required to be only used for constructing, maintaining, operating or improving the Nationwide Public Safety Broadband Network. Additionally, DOC is required to make payments to AT&T for success-based payment milestones under firm-fixed price buildout and continuing enhancement Task Orders. The total paid in fiscal year 2021 was \$2 billion.

DOD identified MHPI agreements as P3s requiring disclosure. The MHPI agreements are private sector/market driven businesses established as LLCs or Limited Partnership (LPs) single purpose entities. These entities allow DOD to work with the private sector to build, renovate, and sustain military housing by obtaining private capital to leverage federal government dollars. By engaging MHPI agreements, the federal government benefits through use of private industry expertise and tools, improving the condition of military housing more expediently and efficiently than the traditional military construction

process would allow. The Private Partner serves as the majority managing member which ensures performance objectives are met over the expected life of the operating agreement. The Military Department generally serves as the minority member and enters into a long-term ground lease (generally 50 years), and conveys the associated real property assets (buildings, structures, facilities, and utilities) to the LLC or LP. The contractual terms and termination clauses vary by agreement. The DOD's involvement in the operations and management of the LLC or LP is governed by evaluating the percentage of ownership interest, along with analyzing the indicators of control, which determines the level of influence over the partnership. The DOD provides funding to the LLC or LP through:

- Equity Investments - Provision of cash and transfer of real property ownership (land, housing units, and other structures) to a project and, in return, the DOD receives a portion of that project's profits and losses. In addition, the DOD also receives compensation if the investment is sold;
- Federal Government Direct Loans - Provision of cash to a project with the expectation of future payment;
- Federal Government Loan Guarantees - Agreement to pay a percentage of the outstanding balance on a non-government loan in the event of nonpayment by the project;
- Differential Lease Payments - Provision of monthly payments to a project above the Basic Allowance for Housing paid by the military personnel.

The military departments are assessing their MHPI agreements and contracts to provide actual and estimated amounts paid and received by the department for future periods and continues to assess agreements to determine if they have P3s to disclose. DOD will report these agreements as soon as these assessments are complete.

The consolidated amounts the federal government received and paid in fiscal year 2021 were \$0.2 billion and \$2 billion, respectively. The estimated amounts to be received and paid in the aggregate over the expected life of the P3s is \$21 billion and \$5 billion, respectively. As main contributors of P3 activity please refer to the financial statements of DOC, DOD, DOE, and GSA for additional information.

Note 30 – COVID-19 activity

COVID-19 appropriations

(In billions)	2021	2020
Department of Treasury	\$ 633	\$ 975
Department of Labor	452	394
Department of Education	251	31
Small Business Administration	243	752
Department of Health and Human Services	234	250
All other entities	396	232
Total COVID-19 appropriations	\$ 2,209	\$ 2,634

On March 11, 2020, a novel strain of the Coronavirus, also known as COVID-19, was declared a pandemic by the WHO. 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, which commenced in early spring of 2020 and continued throughout fiscal year 2021 resulted in a severe global health and economic crisis. In fiscal year 2021 Congress passed the *Consolidated Appropriations Act (CAA)*, which was signed into law on December 27, 2020 and the ARP on March 11, 2021. Both acts, along with several bills, provided additional funding to help supplement the COVID-19 relief efforts that started in fiscal year 2020 with the passage of several bills including the CARES Act on March 27, 2020. The CARES Act was subsequently modified in legislation in April, June, and July of 2020 to add funding and adjust programs for continued pandemic response.

The COVID-19 related legislation provided supplemental appropriations in the amount of \$2,209 billion and \$2,634 billion in fiscal years 2021 and 2020, respectively, for federal entities to respond to COVID-19. The appropriation amounts listed in the table above could be different from other public sources reporting COVID-19 activity. These differences may be due to timing of when the data sources report the information, additional COVID-19 programs included in the table that are not

identified as COVID-19 programs in other data sources, and returns of indefinite authority appropriations included in other data sources but not in the table. Significant impacts of these programs on the federal government's fiscal years 2021 and 2020 Balance Sheet and financial results are discussed below. Please also refer to the corresponding entity's financial statements for additional information.

In fiscal year 2021, Treasury received COVID-19 appropriations in the amount of \$1,183 billion under the CAA and ARP. In fiscal year 2021, the CAA eliminated Treasury's ability to make new loans and investments and rescinded \$479 billion of the \$500 billion provided to Treasury under the CARES Act 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 using SPVs. This rescission and the return of unused permanent and indefinite authority and obligation adjustments of \$71 billion resulted in the net appropriations amount of \$633 billion. As of September 30, 2021, and 2020, Treasury had \$26 billion and \$108 billion, respectively, of equity investments in SPVs established through the FRBNY and FRBB. Treasury's funds remaining the SPVs funded under the CARES Act cannot be used for further lending, asset purchase, or extensions of credit. The fiscal years 2021 and 2020 fair value net loss of \$1 billion and \$5 billion, respectively, from these investments is included in Treasury's net cost.

Treasury's COVID-19 appropriations in fiscal year 2021 included \$587 billion (\$166 billion CAA and \$421 billion ARP) to provide a refundable tax credit (recovery rebate), referred to as an Economic Impact Payment (EIP). CAA allowed for a tax credit of \$600 per qualifying adult and \$600 per qualifying child, ARP allowed for \$1,400 per qualifying adult and \$1,400 per qualifying child. These EIPs were reduced above certain income limitations per individual tax return. In fiscal year 2021, IRS disbursed \$570 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 also received fiscal year 2021 appropriations of \$429 billion (\$25 billion CAA and \$404 billion ARP) for Treasury to provide payments to state, local, territorial, and tribal governments to cover eligible costs incurred in response to the pandemic through several funds including: 1) Coronavirus State and Local Fiscal Recovery Funds (SLFRF); 2) Coronavirus Capital Projects Funds; 3) Emergency Rental Assistance (ERA); 4) Homeowner Assistance Fund (HAF); 5) State Small Business Credit Initiative; and 6) Local Assistance and Tribal Consistency Fund. During fiscal year 2021, Treasury disbursed an aggregate of \$278 billion in appropriated and obligated funds to states, local, territorial, and tribal governments pursuant to the: 1) SLFRF; 2) ERA; 3) HAF; and 4) Coronavirus Relief Fund (CRF) programs to cover eligible costs to be incurred in response to the pandemic. Treasury initially recorded \$277 billion of the \$278 billion disbursed in fiscal year 2021 as an advance on the Balance Sheet. Treasury recognized \$90 billion as net cost to reflect the estimated amount of eligible costs incurred by recipients as of September 30, 2021. Treasury recorded the remaining \$1 billion disbursed in fiscal year 2021 as net cost for the year ended September 30, 2021. In addition, Treasury was appropriated funding in the amount of \$31 billion (\$16 billion CAA and \$15 billion ARP) for financial assistance payments to passenger air carriers and contractors to provide payroll support to aviation workers during the pandemic. Treasury's net costs included \$31 billion in fiscal year 2021 related to this support.

In fiscal year 2020, Treasury received appropriations from the CARES Act in the amount of \$975 billion. Treasury's CARES Act appropriations of \$282 billion provided a refundable tax credit (EIP). The CARES Act allowed for \$1,200 per qualifying adult and \$500 per qualifying child. In fiscal year 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 CARES Act appropriations also included \$150 billion for Treasury, through CRF efforts, to provide payments to state, local, territorial, and tribal governments to cover eligible costs incurred in response to the pandemic. During fiscal year 2020, Treasury disbursed \$150 billion to states, local, territory, and tribal governments pursuant to the CRF program. Treasury initially recorded all of the \$150 billion disbursed in fiscal year 2020 as an advance on the Balance Sheet. Treasury recognized \$81 billion as net cost to reflect the estimated amount of eligible costs incurred by recipients as of September 30, 2020. In addition, Treasury received CARES Act appropriations in the amount of \$32 billion for financial assistance payments to passenger air carriers and contractors to provide payroll support to aviation workers during the pandemic. Treasury's net costs included \$28 billion in fiscal year 2020 related to this support. The financial statements impact of these and other programs can be found within *Note 8 – Investments in special purpose vehicles*, *Note 10 – Advances and prepayments*, *Note 20 – Collections and Refunds of Federal Revenue* of the *Financial Report*, *Note 21 – Commitments*, and *Note 28 – Disclosure entities and related parties*.

The CAA and ARP appropriations of \$452 billion provided additional funding in fiscal year 2021 for several unemployment programs that the CARES Act appropriation of \$394 billion allowed DOL to create in fiscal year 2020. These programs include: 1) the Federal Pandemic Unemployment Compensation program (provides an additional \$600 of weekly unemployment

benefits); 2) the Pandemic Unemployment Assistance program (provides temporary benefits for individuals who are not eligible for regular/traditional unemployment insurance); 3) the Pandemic Emergency Unemployment Compensation program (provides an additional 53 weeks of benefits to a regular claim for eligible persons); 4) Federal funding of the Short-term Compensation program (provides alternatives to layoffs for employers experiencing a reduction in available work); 5) the Federal Unemployment Account (FUA) (provides advances to states whose unemployment insurance accounts are depleted); and 6) the Mixed Earner Unemployment Compensation program (provides an additional \$100 of weekly unemployment support) 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 COVID-19 funding totaled \$313 billion and \$352 billion for September 30, 2021 and 2020, respectively.

In fiscal year 2021, Education received COVID-19 appropriations in the amount of \$252 billion (\$82 billion CAA and \$170 billion ARP) to fund a variety of programs administered primarily through grant programs. The COVID-19 relief legislation and administrative actions also provided support for student loan borrowers primarily by temporarily suspending nearly all federal loan payments. In fiscal year 2021 cost impacts of the student loan repayment deferrals were recorded as loan modifications through indirect appropriations, not included in the table above, in the amount of \$53 billion. These COVID-19 loan modifications are a component of subsidy expense, which reduced the overall loan receivable balances.

In fiscal year 2020, the CARES Act provided Education with appropriations totaling \$31 billion to fund a variety of programs administered primarily through grant programs. Cost impacts of the student loan repayment deferrals were recorded as loan modifications in fiscal year 2020 through indirect appropriations, not included in the table above, in the amount of \$42 billion. These COVID-19 loan modifications are a component of subsidy expense, which reduced the overall loan receivable balances. The significant financial statements impact of these programs can be found within Note 4 – *Loans receivable, net and loan guarantee liabilities*.

In fiscal year 2021, SBA received total appropriations of \$389 billion. The CAA rescinded \$147 billion that was appropriated to SBA under the SBA-Business Loans Program Account leaving a net amount of \$243 billion. The appropriations included provisions to modify and extend existing programs and created new programs to support small businesses and other entities that have been affected during the COVID-19 pandemic. The CAA revised the eligibility criteria for certain loan assistance and appropriated \$285 billion for loan subsidies, \$20 billion for the EIDL program, and \$15 billion to establish the Shuttered Venue Operators Grant program. The ARP modified and provided additional funding of \$7 billion to PPP, \$15 billion EIDL, and \$29 billion to establish the Restaurant Revitalization Fund. SBA's liability for loan guarantees decreased \$285 billion during fiscal year 2021, primarily from the PPP, with a similar decrease in net costs. SBA also administered the EIDL program designed to provide loans to small business owners. SBA's loans receivable increased \$245 billion, primarily from a \$63 billion increase in this program, with net costs of \$3 billion in fiscal year 2021.

SBA's appropriation of \$752 billion in fiscal year 2020, primarily funded two programs. The 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 fiscal year 2020, primarily from the PPP, with a similar increase in net costs. SBA also administered the EIDL program designed to provide loans to small business owners. SBA's loans receivable increased \$183 billion during fiscal year 2020, primarily from a \$173 billion increase in this program, with net costs of \$5 billion. The financial statements impact of these programs can be found within *Note 4 – Loans receivable, net and loan guarantee liabilities*.

In fiscal year 2021, HHS received appropriations in the amount of \$234 billion to provide support testing, contact tracing, containment, mitigation to monitor and suppress the spread of COVID-19, as well as support COVID-19 vaccination programs as well as addressing disparities in obtaining quality healthcare. Funds provided broad support including payments to assist eligible health care providers for health care related expenses or lost revenues attributed to the HHS' net cost for operations other than CMS decreased by \$15 billion during fiscal year 2021, respectively, primarily due to the Public Health and Social Services Emergency Fund (PHSSEF). In addition, HHS's advances and prepayments primarily represent payments made for the COVID-19 AAP program which was recorded as an advance on the Balance Sheet of \$67 billion as of September 30, 2021.

In fiscal year 2020, the CARES Act, along with three additional supplemental appropriations, provided HHS \$250 billion for COVID-19 response and recovery, with the majority for the 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 business, health care providers, and hospitals; and COVID-19 testing. HHS' net cost for operations other than CMS increased by \$115 billion during fiscal year 2020, primarily due to increases to the PHSSEF. In addition, HHS's advances and prepayments primarily represent payments made for the COVID-19 AAP program, which was recorded as an advance on the Balance Sheet of \$104 billion as of September 30, 2020. The financial statements impact of the advance can be found within *Note 10 – Advances and prepayments*.

Note 31 – Subsequent events

Statutory debt limit

A delay in raising the statutory debt limit existed on September 30, 2021. When delays in raising the statutory debt limit occur, Treasury often must deviate from its normal debt management operations and take extraordinary measures to meet the federal government's obligations as they come due without exceeding the debt limit. Extraordinary measures taken by Treasury during the period August 2, 2021 through September 30, 2021, resulted in federal debt securities not being issued to certain federal government funds, as authorized by law. As a result of Treasury securities not being issued to the TSP's G Fund, Treasury reported other liabilities in the amount of \$157 billion in *Note 19 – Other liabilities*. This amount represented the uninvested principal and related interest for the TSP's G Fund that would have been reported in *Note 13 – Debt and interest payable* had there not been a delay in raising the statutory debt limit as of September 30, 2021, and had the securities been issued. Also, as a result of Treasury securities not being issued, uninvested principal of \$61 billion for the CSRDF was not included in intra-governmental debt holding balance as of September 30, 2021. Additionally, the related interest for the CSRDF and the Postal Service Retiree Health Benefits Fund (Postal Benefits Fund) that would have been accrued during the period of August 2, 2021 through September 30, 2021 would have been \$68 million and \$2 million, respectively, on September 30, 2021.

On October 14, 2021, P.L. 117-50 was enacted which raised the statutory debt limit by \$480 billion, from \$28,402 billion to \$28,882 billion. Even with this increase, extraordinary measures continued in order for Treasury to manage below the debt limit.

On December 16, 2021, P.L. 117-73 was enacted which increased the statutory debt limit by \$3 trillion to \$31,382 billion. On this date, Treasury discontinued its use of extraordinary measures and resumed normal debt management operations. On December 16, 2021, in accordance with relevant laws, Treasury restored uninvested principal amounts to the TSP's G Fund and the CSRDF in the amounts of \$262 billion and \$65 billion, respectively. In accordance with relevant laws, Treasury restored the interest related to the uninvested principal during the period of August 2, 2021 through December 15, 2021, to the TSP's G Fund on December 17, 2021 in the amount of \$812 million. Interest related to the uninvested principal during the period of August 2, 2021 through December 15, 2021 for CSRDF and Postal Benefits Fund was restored on the next semi-annual interest payment date of December 31, 2021 in the amounts of \$319 million and \$4 million, respectively. Please refer to *Note 13 – Debt and interest payable* and *Note 19 – Other liabilities* for additional information.

Infrastructure investment and Jobs Act

On November 15, 2021, the Infrastructure Investment and Jobs Act, P.L. 117-58, was enacted, which includes funding for roads, bridges, water infrastructure, broadband, and more. The Congressional Budget Office has estimated that the act will add about \$256 billion to the projected budget deficits over the next 10 years. Please refer to *Note 26 – Long-term Fiscal Projections* of the *Financial Report* for additional information.

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

Title 5, Chapter XVI, Subchapter B, Part 2635 of the *Code of Federal Regulations* lays out *Standards for Ethical Conduct for Employees of the Executive Branch*. In addition, 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. These rules allow for a waiver in certain circumstances. 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 2023 salaries for the individuals listed below was \$9.8 million.

Federal

For 2023, the key federal officers were paid the following annual salaries:

President	\$ 400,000
Chief Justice	298,500
Vice President	272,100
Speaker of the House	223,500
House Majority leader	193,400
House Minority Leader	193,400
Senate Majority Leader	193,400
Senate Minority Leader	193,400
Total key federal officer salary	<u>\$ 1,967,700</u>

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	2023	% of National Average	% Change from 2022	Governors' Annual Salaries	2023	% of National Average	% Change from 2022
50-state average¹	\$ 156,111		5%	Missouri	\$ 140,596	90%	2%
50-state total¹	\$ 7,805,546		5%	Montana	\$ 118,397	76%	—%
Alabama	\$ 131,800	84%	6%	Nebraska	\$ 105,000	67%	—%
Alaska	\$ 145,000	93%	—%	Nevada	\$ 170,062	109%	4%
Arizona	\$ 95,000	61%	—%	New Hampshire	\$ 146,172	94%	1%
Arkansas	\$ 158,739	102%	—%	New Jersey	\$ 175,000	112%	—%
California	\$ 224,020	144%	3%	New Mexico	\$ 110,000	70%	—%
Colorado	\$ 90,000	58%	—%	New York	\$ 250,000	160%	—%
Connecticut ²	\$ —	—%	—%	North Carolina	\$ 165,750	106%	—%
Delaware	\$ 171,000	110%	—%	North Dakota	\$ 143,646	92%	2%
Florida	\$ 141,400	91%	5%	Ohio	\$ 171,059	110%	2%
Georgia	\$ 180,000	115%	3%	Oklahoma	\$ 147,000	94%	—%
Hawaii	\$ 184,860	118%	12%	Oregon	\$ 98,600	63%	—%
Idaho	\$ 151,400	97%	9%	Pennsylvania	\$ 229,642	147%	8%
Illinois ³	\$ —	—%	—%	Rhode Island	\$ 163,295	105%	12%
Indiana	\$ 134,051	86%	—%	South Carolina	\$ 106,078	68%	—%
Iowa	\$ 130,000	83%	—%	South Dakota	\$ 139,100	89%	14%
Kansas	\$ 110,707	71%	—%	Tennessee	\$ 204,336	131%	—%
Kentucky	\$ 164,355	105%	8%	Texas	\$ 153,750	98%	—%
Louisiana	\$ 125,185	80%	(4)%	Utah	\$ 182,900	117%	10%
Maine	\$ 70,000	45%	—%	Vermont	\$ 201,136	129%	5%
Maryland	\$ 184,000	118%	2%	Virginia	\$ 175,000	112%	—%
Massachusetts	\$ 222,185	142%	20%	Washington	\$ 198,257	127%	6%
Michigan	\$ 159,300	102%	—%	West Virginia	\$ 150,000	96%	—%
Minnesota	\$ 127,629	82%	—%	Wisconsin	\$ 165,568	106%	8%
Mississippi	\$ 122,160	78%	—%	Wyoming	\$ 140,000	90%	33%

¹ Source: Council of State Governments, Book of the States 2023, Chapter 4: Executive Branch, Table 4.11.

¹ Includes the foregone salaries noted below.

² Connecticut - Gov. Lamont will forego his salary of \$226,711, or 145% of the national average.

³ Illinois - Gov. Pritzker will forego his salary of 205,700, or 132% of the national average.

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	2022
To Presidential Candidates	\$ 1,551	na	\$ 1,380	na	\$ 1,540	na	\$ 4,074	na
General election candidates:								
Democrat	748	na	738	na	586	na	1,074	na
Republican	220	na	483	na	351	na	743	na
Other	—	na	4	na	23	na	3	na
Primary candidates of all parties	583	na	154	na	580	na	2,254	na
To House Candidates	\$ 983	\$ 1,103	\$ 1,137	\$ 1,034	\$ 1,050	\$ 1,741	\$ 1,959	\$ 2,093
Democrat	537	510	487	446	476	1,035	1,027	1,040
Republican	435	588	633	584	559	693	919	1,038
Other	11	5	17	4	14	13	13	15
To Senate Candidates	\$ 434	\$ 757	\$ 742	\$ 635	\$ 594	\$ 1,033	\$ 2,046	\$ 1,663
Democrat	237	315	308	300	313	571	1,207	940
Republican	196	427	416	328	279	431	815	712
Other	1	15	18	8	2	31	24	11
Total contributions	\$ 2,968	\$ 1,860	\$ 3,259	\$ 1,669	\$ 3,184	\$ 2,774	\$ 8,079	\$ 3,756

[†] 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	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 2023, found at https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2023/0003_individual_income_tax_provisions_in_the_states_informational_paper_3.pdf.
6. Government of the District of Columbia, *2021 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*, <https://ora-cfo.dc.gov/sites/default/files/dc/sites/ora-cfo/publication/attachments/2021%2051City%20Study.pdf>, p24.
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, 2023*, found at http://www.fhfb-of.com/ofweb_userWeb/pageBuilder/fhfbank-financial-data-36.
10. The majority of the information in this section was derived from Fannie Mae's 2021 Annual Report on Form 10-K, found at <https://www.sec.gov/ixviewer/ix.html?doc=/Archives/edgar/data/310522/000031052222000174/fnm-20211231.htm>.
11. The majority of the information in this section was derived from Freddie Mac's 2021 Annual Report on Form 10-K, found at <https://www.sec.gov/ixviewer/ix.html?doc=/Archives/edgar/data/1026214/000102621422000031/fmcc-20211231.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 2023 Annual Report on Form 10-K, found at <https://www.sec.gov/ix?doc=/Archives/edgar/data/845877/000084587724000028/agm-20231231.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> and <https://www.medicaid.gov/chip/eligibility/index.html>.
20. The information in this paragraph is derived from <https://www.medicaid.gov/resources-for-states/coronavirus-disease-2019-covid-19/unwinding-and-returning-regular-operations-after-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 2024*, found at <https://oui.doleta.gov/unemploy/docs/trustFundSolvReport2024.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.gov/>.
30. The majority of the information in this section was derived from <https://www.acf.hhs.gov/ofa/programs/tanf>.
31. <https://www.gao.gov/products/gao-23-105396>.
32. <https://www.covid.gov/resource/we-can-do-campaign-background>.
33. 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/>.
34. <https://www.bis.gov/cps/tables.htm>, table 42.
35. Certain of the risks outlined in these Risk Factors were derived from the Government Accountability Report to Congressional Committees, High Risk Series, *Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas, April 2023*, found at <https://www.gao.gov/highrisk/overview>.
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/news/2023/09/14/dhs-continues-see-high-risk-foreign-and-domestic-terrorism-2024-homeland-threat>.
38. Information in this section was derived from <https://usafacts.org/visualizations/coronavirus-covid-19-spread-map/>.
39. Information in this section was derived from <https://www.cdc.gov/policy/polaris/healthtopics/opioid/index.html>.
40. *2022 National Defense Strategy of the United States of America*, by the US Department of Defense at <https://media.defense.gov/2022/Oct/27/2003103845/-1/-1/1/2022-NATIONAL-DEFENSE-STRATEGY-NPR-MDR.PDF>.
41. Information in this section was derived from <https://www.congress.gov/bill/117th-congress/house-bill/3684>.
42. Information in this section was derived from <https://www.gao.gov/assets/gao-23-106200.pdf>.
43. Information in this section was derived from <https://www.bia.gov>.
44. Information in this section was derived from https://www.acq.osd.mil/eie/BSI/BEI_Library.html.
45. Information in this section was derived from <https://www.cdc.gov/mmwr/volumes/71/wr/mm7117e1.htm>.
46. 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.
47. 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/?reqid=19&step=2&isuri=1&categories=survey>.
48. *Tax Rates and Tax Burdens in the District of Columbia - A Nationwide Comparison 2021*, <https://ora-cfo.dc.gov/sites/default/files/dc/sites/ora-cfo/publication/attachments/2021%20Tax%20Rates%20and%20Tax%20Burdens%20-%20Nationwide%20Comparison.pdf>.
49. Information obtained from https://www.eia.gov/dnav/pet/pet_cons_psup_dc_nus_mdbl_a.htm.

50. 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>.
51. The source noted in endnote 48 utilizes the largest city in each state in its analysis. The largest cities in South Carolina and Tennessee changed in 2017, so when comparing periods after and before that year, these states are removed from the analysis.
52. 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*.
53. 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.
54. Information obtained from [https://www.fiscal.treasury.gov/files/reports-statements/financial-report/2021/fr-02-17-2022-\(final\).pdf](https://www.fiscal.treasury.gov/files/reports-statements/financial-report/2021/fr-02-17-2022-(final).pdf).
55. Information obtained from <https://www.cms.gov/medicare/covid-19-accelerated-and-advance-payments>.
56. Information obtained from <https://www.cms.gov/files/document/2022-medicare-trustees-report.pdf>, page 51.
57. Medical commodities include prescription drugs, nonprescription over-the-counter drugs, and other medical equipment and supplies, found at <https://www.bls.gov/cpi/factsheets/medical-care.htm>.
58. 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>.
59. Information obtained from the National Oceanic and Atmospheric Administration at [https://www.ncei.noaa.gov/access/billions/events/US/2020-2023?disasters\[\]=tropical-cyclone](https://www.ncei.noaa.gov/access/billions/events/US/2020-2023?disasters[]=tropical-cyclone).
60. Information obtained from the Bureau of Justice Statistics at <https://bjs.ojp.gov/library/publications/impact-covid-19-state-and-federal-prisons-march-2020-february-2021>.
61. Information obtained from https://bjs.ojp.gov/sites/g/files/xyckuh236/files/media/document/p21st_ji21st_prB.pdf.
62. Information obtained from <https://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs/national-school-lunch-program.aspx>.
63. Information obtained from the US Department of Agriculture at <https://www.fns.usda.gov/snap/state-guidance-coronavirus-pandemic-ebt-pebt>.
64. Information obtained from the International Trade Administration at <https://www.trade.gov/us-international-air-travel-statistics-i-92-data>.
65. Information obtained from the US Bureau of Labor Statistics at <https://www.bls.gov/opub/mlr/2021/article/unemployment-rises-in-2020-as-the-country-battles-the-covid-19-pandemic.htm>.
66. Information obtained from <https://data.census.gov/table/ACSDT1Y2021.B21007?q=veteran%20poverty>
67. Information obtained from [https://data.census.gov/table/ACSDT1Y2021.B21007?g=B21007&g=010XX00US\\$0400000&tid=ACSDT1Y2022.B21007](https://data.census.gov/table/ACSDT1Y2021.B21007?g=B21007&g=010XX00US$0400000&tid=ACSDT1Y2022.B21007)
68. Information obtained from <https://www.bls.gov/lau/lastrk21.htm>
69. *US Lawful Permanent Residences: 2021*, by the Department of Homeland Security, April 2021 https://www.dhs.gov/sites/default/files/2023-02/2022_0405_plcy_lawful_permanent_residents_fy2021v2.pdf.
70. *Foreign Assistance: An Introduction to U.S. Programs and Policy*, by the Congressional Research Service, January 10, 2022, found at <https://sgp.fas.org/crs/row/R40213.pdf>.
71. *Ethiopia*, by the Congressional Research Service, August 3, 2020, found at <https://crsreports.congress.gov/product/pdf/IF/IF10185>.
72. *U.S. Foreign Aid to Israel*, by the Congressional Research Service, February 18, 2022, found at <https://fas.org/sgp/crs/mideast/RL33222.pdf>.
73. Information obtained from <https://rosap.ntl.bts.gov/view/dot/59268>.
74. Information obtained from <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/financial/Amtrak-Management-Discussion-Analysis-Audited-Financial-Statements-FY21.pdf> and <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/businessplanning/Amtrak-Service-Asset-Line-Plans-FY22-27.pdf>
75. Information obtained from the Centers for Disease Control and Prevention at <https://www.cdc.gov/mmwr/volumes/71/wr/mm7117e1.htm>.
76. Information obtained from the Assistant Secretary for Planning and Evaluation (ASPE) at https://www.aspe.hhs.gov/sites/default/files/migrated_legacy_files/198861/trends-in-the-us-uninsured.pdf?_ga=2.133451849.639786395.1646968197-1682771927.1611176133.
77. Information obtained from the US Department of Health and Human Services at <https://eclkc.ohs.acf.hhs.gov/sites/default/files/pdf/hs-program-fact-sheet-2021.pdf>.
78. Chetty, Raj, et al., *Race and Economic Opportunity in the United States: An Intergenerational Perspective*, working Paper (March 2018), <https://opportunityinsights.org/paper/race/>.
79. The majority of the information in this section was derived from the Financial Stability Oversight Council 2021 Annual Report, found at <https://home.treasury.gov/system/files/261/FSOC2021AnnualReport.pdf>.
80. <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 of 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:

Consumer Financial Protection Bureau	Center for Disease Control and Prevention	Federal Bureau of Investigation	Medicaid and CHIP Payment and Access Commission
Consumer Product Safety Commission	Center for Medicare and Medicaid Services	Department of Labor	National Interagency Fire Center
National Electronic Injury Surveillance System	Food and Drug Administration	Bureau of Labor Statistics	National Labor Relations Board
Department of Agriculture	Department of Homeland Security	Employee Benefits Security Administration	National Science Foundation
Animal and Plant Health Inspection Service	Customs and Border Protection	Mine Safety and Health Administration	National Center for Science and Engineering Statistics
Food and Nutrition Service	Federal Emergency Management Agency	Occupational Safety and Health Administration	Nuclear Regulatory Commission
Food Safety and Inspection Service	Transportation Security Administration	Wage and Hour Division	Securities and Exchange Commission
Department of Commerce	Department of Housing and Urban Development	Department of State	Small Business Administration
Bureau of Economic Analysis	Office of Community Planning and Development	Department of Transportation	Social Security Administration
Census Bureau	Office of Fair Housing and Equal Opportunity	Bureau of Transportation Statistics	US Agency for International Development
United States Patent and Trademark Office	Office of Policy Development and Research	Federal Highway Administration	United States Congress
Department of Defense	Department of the Interior	National Highway Traffic Safety Administration	Congressional Budget Office
Defense Manpower Data Center	Bureau of Land Management	Department of the Treasury	Joint Committee on Taxation
Department of Education	Fish and Wildlife Service	Internal Revenue Service	United States Courts
National Center for Education Statistics	National Park Service	Department of Veterans Affairs	White House
Department of Energy	Department of Justice	Environmental Protection Agency	Office of Management and Budget
Energy Information Administration	Bureau of Alcohol, Tobacco, Firearms, and Explosives	Equal Employment Opportunity Commission	Office of Personnel Management
Department of Health and Human Services	Bureau of Justice Statistics	Federal Deposit Insurance Corporation	Additional data from:
Administration for Children and Families	Drug Enforcement Administration	Federal Reserve and member banks	Economic mobility generated from government sources by the Equality of Opportunity Project
		Federal Trade Commission	Stock indices from Yahoo Finance
		Freddie Mac	

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
Congress.gov
Congressional Research Service

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 Transportation
Great Lakes St. Lawrence Seaway

Department of the Treasury
Bureau of the Fiscal Service

Department of Veterans Affairs
Veteran Benefits Administration

Electronic Code of Federal Regulations

Fannie Mae

The Farm Credit Council
Federal Election Commission

Federal Home Loan Banks
Federal Housing Finance Agency

General Services Administration
Ginnie Mae

Government Accountability Office

Government of the District of Columbia

Library of Congress
Office of Revenue Analysis

National Archives and Records Administration
Federal Register

National Association of State Budget Officers

National Conference of State Legislatures

National Governors Association
National Library of Medicine

National Centers for Environmental Information

National Oceanic and Atmospheric Administration

Pension Benefit Guaranty Corporation

United States Government Publishing Office

United States House of Representatives

United States Senate
Tennessee Valley Authority

USA.gov
The Wisconsin Legislative Bureau

Additional data from:

Stock and bond prices – Google Finance, Investing.com, Yahoo Finance

Chetty, Raj, et al. "Race and Economic Opportunity in the United States: An Intergenerational Perspective." Working Paper (March 2018).

Exhibit 99.03

The GAO 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 <https://www.gao.gov/assets/gao-09-946sp.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 nearly 165 million US locations and provides services through 31,132 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 24,500 defined-benefit pension plans with over 31 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 23 million passengers per year.

US International Development Financial Corporation (DFC): The DFC was formed in 2019 by the merger of the Overseas Private Investment Corporation and the Development Credit Authority. It is the US Government's development 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 sectors including 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 financing solutions 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;
- *banking and finance*, including deposit insurance and the Troubled Asset Relief Program (TARP); and
- *COVID-19 assistance for businesses*, including Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program (PPP).

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 (SNAP), Supplemental Security Income (SSI), Unemployment Insurance, Pell grants, housing and community development programs, and health services for American Indians; and
- *COVID-19 assistance for individuals*, including Economic Impact Payments (EIP).

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 and net subsidies from the federal government for student loans.

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 2023 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/2023/tr2023.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 Old-Age Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds. This model was introduced in the 2003 report and enhanced in the 2021 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. 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 key variables to vary throughout the long-range period. These key variables include total fertility rates, changes in mortality rates, new arrival lawful permanent resident (LPR) and other-than-LPR immigration levels, rates of adjustment of status (from other-than-LPR to LPR), rates of legal emigration (from the population of citizens and LPRs), changes in the Consumer Price Index, changes in average real wages, unemployment rates, trust fund real yield rates, and disability incidence and recovery rates. 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 about 20 years to over 100 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 -3.69% of taxable payroll, about 0.08 percentage point lower (more negative) than projected in the intermediate scenario. The median estimate for the open-group unfunded obligation is \$22.8 trillion, about \$0.4 trillion larger than the \$22.4 trillion estimate in the intermediate scenario. The median first projected year for which cost exceeds non-interest income (as it did in 2010 through 2022), and remains in excess of non-interest income throughout the remainder of the long-range period, is 2023. This is the same year as projected in the intermediate scenario. The median projected date at which trust fund reserves first become depleted is late in 2033; the reserve depletion date for the intermediate scenario is mid-2034. The median estimates of the annual cost rate for the 75th year of the projection period are 18.25% of taxable payroll and 6.14% of gross domestic product (GDP). The comparable estimates in the intermediate scenario are 17.75% of payroll and 5.98% of GDP.

For three measures in table VI.E1 (the actuarial balance, the first projected year cost exceeds non-interest income and remains in excess through 2097, and the first year trust fund reserves become depleted), the 95% stochastic confidence interval falls within the range defined by the low-cost and high-cost scenarios. For the remaining three measures (the open-group unfunded obligation, the annual cost in the 75th year as a percent of taxable payroll, 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				
	Intermediate	Low-cost	High-cost	Median 50 th percentile	80-percent confidence interval		95-percent confidence interval	
					10 th percentile	90 th percentile	2.5 th percentile	97.5 th percentile
Actuarial balance	(3.61)	(0.10)	(8.37)	(3.69)	(5.75)	(2.03)	(7.17)	(1.18)
Open group unfunded obligation (in trillions)	\$ 22.4	\$ (0.4)	\$ 42.9	\$ 22.8	\$ 10.50	\$ 44.3	\$ 5.8	\$ 60.9
First projected year cost exceeds non-interest income and remains in excess through 2097	2023	¹	2023	2023	2023	2023	2023	¹
First year trust fund reserves become depleted ²	2034	2067	2031	2033	2032	2037	2031	2040
Annual cost in 75 th year (percent of taxable payroll)	17.75	12.34	27.48	18.25	14.29	23.89	12.52	27.93
Annual cost in 75 th year (percent of GDP)	5.98	4.52	8.54	6.14	4.84	7.97	4.25	9.21

¹ Cost is projected to exceed non-interest income for a temporary period, before falling below non-interest income by 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.

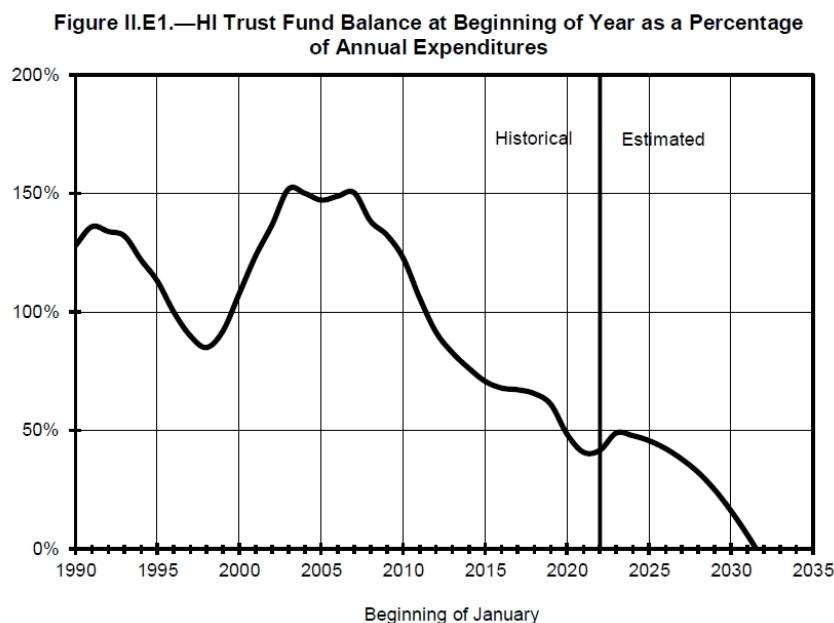
Exhibit 99.07

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 2023 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/oact/tr/2023>.

HI trust fund

Under the intermediate assumptions, after 2023 the assets of the HI trust fund would steadily decrease as a percentage of annual expenditures throughout the remainder of the short-range projection period, as illustrated in figure II.E1. The ratio declines until the fund is depleted in 2031, 3 years later than 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.



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 2031 intermediate estimate. As shown in greater detail in section III.B [of the Medicare Trustees' Report], 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 2027.

SMI trust fund

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 fund 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.

Parts B and D differ fundamentally from HI and OASDI in regard to the nature of their financing and the method by which their financial status is evaluated. Both parts of SMI are voluntary and are mostly financed by premiums from participants and contributions from the general fund of the Treasury. OASDI and HI are generally compulsory and are primarily financed from payroll taxes. The financial assessment of the SMI program in this section therefore differs in important ways from that for OASDI or HI.

Financing for the SMI trust fund is adequate because beneficiary premiums and government 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 (CPS) (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 over 150 million FIUs). 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 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, 2023) 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 *Exhibit 99.01 Sources of data / Financial statement and related data* 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); and
- 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://osc.colorado.gov/sites/osc/files/acfr23.pdf>. 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://knowledge.wharton.upenn.edu/wp-content/uploads/2022/03/07032012_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, which was for 2011, can be found at <https://www.kleinerperkins.com/perspectives/2011-usa-inc-full-report/>.

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 *Exhibit 99.01 Sources of data / Financial statement and related data* 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 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. Similar to FY 2018, in FY 2019, the DoD and 15 of its reporting entities received disclaimers of opinion. In addition, seven reporting entities received clean audit opinions and one entity received a qualified audit opinion. For more information on this audit and its findings see [Understanding the Results of the Audit of the DoD FY 2019 Financial Statements](#). The DoD OIG conducted and oversaw a third full audit of the DoD's financial statements in 2020. The DoD and 14 of its reporting entities received disclaimers of opinion. In addition, nine reporting entities received clean audit opinions and one entity received a qualified audit opinion. For more information on this audit and its findings see [Understanding the Results of the Audit of the DOD FY 2020 Financial Statements](#). The DoD OIG conducted and oversaw a fourth full audit of the DoD's financial statements in 2021. The DoD and 17 of its reporting entities received disclaimers of opinion. In addition, eight reporting entities received clean audit opinions and one entity received a qualified audit opinion. For more information on this audit and its findings see [Understanding the Results of the Audit of the DOD FY 2021 Financial Statements](#).

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 \$119 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 26 – 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 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.

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