

Comparability of data

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 Exhibits 99.12 and 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.

Modification of data

We obtained the data included in this report from the sources listed in Exhibit 99.01 and where possible have not revised it. In certain cases, we have modified the data where necessary to make it comparable or comprehensible. See Exhibit 99.13 for a discussion of specifically what we modified.

Forward-looking statements

This report includes limited estimates, projections, and statements relating to government plans, objectives, and expected operating results that are "forward-looking statements." Such statements may appear throughout this report, including in the following sections: *Item 1. Purpose and Function of Our Government*, *Item 1A. Risk Factors*, *Item 7. Management's Discussion and Analysis*, *Item 7A. Quantitative and Qualitative Disclosures About Market Risk*, and *Item 15. Exhibits*. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," and similar expressions.

The forward-looking statements in this document have primarily been drawn from government sources. We do not attest to the accuracy of these statements and related information, nor do we undertake any obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise. We have included our own forward-looking statements in this document in the following limited cases:

- *Item 1A. Risk Factors* include statements authored by us, including forward-looking statements. However, any dollar projections included therein were prepared by government sources, which are cited; and
- We calculated the estimated future federal interest payments shown in the contractual obligations table in *Part II, Item 7. Management's Discussion and Analysis, Financial condition* using the components (outstanding debt and interest rates) from a government source. We have disclosed our calculations in a footnote to the table.

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 over 323 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 Printing Office
Library of Congress
Congressional Budget Office
US Capitol Police

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 Policy Development
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
Territorial Courts
United States Court of International Trade
United States Court of Federal Claims
Administrative Office of the United States Courts
Federal Judicial Center
United States Sentencing Commission

SIGNIFICANT REPORTING ENTITIES (15)

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

OTHER SIGNIFICANT REPORTING ENTITIES

Environmental Protection Agency General Services Administration National Aeronautics and Space Administration National Science Foundation Office of Personnel Management Small Business Administration Social Security Administration US Agency for International Development	US Nuclear Regulatory Commission Defense Security Cooperation Agency Export-Import Bank of the United States Farm Credit System Insurance Corporation Federal Communications Commission Federal Deposit Insurance Corporation General Fund of the US Government Millennium Challenge Corporation	National Credit Union Administration Overseas Private Investment Corporation Pension Benefit Guaranty Corporation Railroad Retirement Board Securities and Exchange Commission Smithsonian Institution Tennessee Valley Authority US Postal Service
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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/2018>.

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 (90,056)

GENERAL PURPOSE GOVERNMENTS (38,910)	SPECIAL DISTRICT GOVERNMENTS (51,146)
County (3,031) Municipality (19,519) Township (16,360)	Independent School Districts (12,880) Other Special Districts (38,266) Air transportation Cemeteries Corrections Electric power Fire protection Gas supply Health Highways Hospitals Housing and community development Industrial development 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 573 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 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 income with some notable exceptions, such as employer-provided health insurance premiums. Taxes are levied based on a progressive rate structure, with rates that range from 10% to 39.6% for the periods presented in this report and that increase as taxable income increases. People who file tax returns may qualify for some tax credits, such as the child tax credit, the earned income tax credit, and education tax credits, among others. Some credits are refundable, meaning that a filer may receive a refund that is larger than the amount of income tax withheld.

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

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

Federal corporate income tax

The federal corporate income tax is levied on the net incomes of C-corporations (corporations recognized as separate taxpaying entities). C-corporations are allowed deductions for normal business expenditures that are typical of accounting for net income as well as some special provisions inserted by Congress. The federal statutory corporate income tax rate in the US was 35% until January 1, 2018. For companies headquartered in the US that earn income from overseas sources, such income was taxed only when repatriated back to the US. Effective January 1, 2018, H.R. 1 reduces the federal statutory income tax rate from 35% to 21%. H.R. 1 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 2018, the payroll tax cap was \$128,400. 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). Individuals 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 2018, 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 \$10 billion).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 outlays for the cost of producing, marketing, and delivering the goods or services for sale. These activities include the sale of postage stamps, land, timber, electricity, and services to the public (e.g. admission to national parks), as well as premiums for healthcare benefits (e.g. Medicare Parts B and D).

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

Federal government authority to spend money

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

Mandatory spending

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

For mandatory spending programs, unlike discretionary programs which are discussed next, it is important to note that the amount to be spent is unknown at the beginning of the year. For example, the amount that is spent on SNAP (food stamps) or unemployment insurance in a given year depends on the number of people who qualify based upon the program's rules and then decide to make claims for benefits. This will vary depending on conditions such as inflation, economic growth, and shifting demographics, among other factors. There is no upper limit in the law on how much can be spent on these mandatory programs, and in fiscal year 2015, they accounted for approximately 69% 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 2019, which reports that for tax year 2017: "The highest marginal tax rate used by a state was 12.3% in California. Missouri had the greatest number of tax brackets at 10. Nine states imposed a single (flat) tax rate on all taxable income, while one state (Massachusetts) had two flat tax rates, each of which applied to different types of income."¹⁵ 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 2017, it found: "In twenty-four of the cities that are in states that levy an income tax, the percentage of income paid in individual income taxes by residents at the income level of \$25,000 is zero percent (or less than zero due to refundable credits). Notably, residents of Burlington, Vermont would receive a refundable income tax credit of \$4,027, marking it by far the lowest income tax burden on a family earning \$25,000 per year. The highest income tax burden is at 7% in Philadelphia, Pennsylvania, and next at 5% in Louisville, Kentucky. At the \$150,000 income level, the burden ranges from a low of 1% of income in Fargo, North Dakota, to 8% in New York City, New York. It should be noted that the New Hampshire and Tennessee income tax is 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."⁵

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 2017, Iowa, Pennsylvania, Minnesota, Illinois,

Alaska, and New Jersey had the highest statutory corporate income tax rates, each at 9% or higher. Because major corporations operate across state lines, each must apportion its net income to each state. However, states have different rules as to how companies must apportion their income between states. Generally, there are three factors whose weights differ across states, with weight attributed to a state based on: property held in the state, payroll paid to employees in the state, and sales to customers in the state.

Property taxes

Local governments levy property taxes on real estate and business property (and in some states, on personal property such as automobiles). Nationally, for owner-occupied housing, the typical real estate tax rate paid is approximately 1% of the home value. In 2017, for the largest city in each state as a group, the median effective residential property tax rate was 1.40%, while the unweighted average rate was 1.57%. These tax rates vary widely by city and state. In 2017, the highest effective residential property tax rate, among the largest cities in each state, was in Bridgeport, CT at 3.43%, 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 all non-exempted items, are a key source of revenue for most states and many localities. Tennessee, California, Louisiana, Alabama, and Washington state have the highest combined state and local general sales tax rates. New Hampshire, Alaska, Delaware, Oregon, and Montana have no statewide general sales tax. In most states, items such as food and medical products are either exempt from general sales taxes or are taxed at a lower rate. Services such as housing, healthcare, and education are generally exempt. Sales taxes tend to be regressive, meaning that low-income households tend to pay a higher percentage of their income in sales taxes than high-income households. However, because of the exemptions or preferential treatment for many household necessities in most general sales taxes, sales taxes are not as regressive as a broad-based consumption tax. Furthermore, goods and services provided by our Government to low-income households, such as food assistance benefits, those transactions are tax exempt.

Other taxes

State governments levy other taxes including:

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

Non-tax revenue

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

State and local government authority to spend money⁶

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

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

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

According to NASBO, "The governor is required to submit a balanced budget in 44 states, the legislature is required to enact a balanced budget in 41 states, and the budget signed by the governor is required to be balanced in 40 states. Eleven states indicated that they are permitted to carry over a budget deficit in certain conditions."

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 Reserve⁷

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

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

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

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

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

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

- *Large-scale asset purchases* – During the 2008 financial crisis, the Federal Reserve cut the federal funds rate almost to zero, but longer-term rates remained higher than it wanted. In response, the Federal Reserve started buying trillions of dollars of longer-term Treasury securities and housing debt, pushing down the yields on those securities.
- *Forward guidance* – After each policy meeting, the Federal Reserve issues a statement describing its view of the economy and explaining its current policy stance. These statements may contain language about the outlook for the federal funds rate, which can influence the level of longer-term rates.
- *Quarterly forecasts* – In addition to its policy statements, the Federal Reserve announces policy makers' forecasts for the federal funds rate and the pace of economic growth, inflation, and the unemployment rate. These quarterly forecasts affect investor perceptions of the future path of interest rates.

The Federal Reserve System is composed of the seven-person Board of Governors, which is based in Washington, D.C., and 12 regional Federal Reserve Banks based in major cities across the country, from Boston to San Francisco. Together,

the members of the Board of Governors and five presidents of regional Federal Reserve Banks make up the Federal Open Market Committee (FOMC), which conducts monetary policy.

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

Federal Reserve balance sheets

(In billions)

December 31,	2015	2016	2017
Assets			
Treasury securities	\$ 2,462	\$ 2,464	\$ 2,454
Agency- and GSE-backed securities	1,780	1,757	1,769
Debt securities	4,242	4,221	4,223
Other assets	300	289	283
Total assets	\$ 4,542	\$ 4,510	\$ 4,506
Liabilities and net worth			
Depository institution reserves	\$ 1,965	\$ 1,754	\$ 1,949
Deposits and currency	1,796	1,957	1,897
Security repurchase agreements	712	725	564
Other liabilities	59	64	86
Total liabilities	4,532	4,500	4,496
Net worth	10	10	10
Total liabilities and net worth	\$ 4,542	\$ 4,510	\$ 4,506

Government-sponsored enterprises

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

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

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

Federal Home Loan Banks⁸

The 11 Federal Home Loan Banks (FHLBanks) are federally-chartered but privately capitalized and independently managed. The FHLBanks serve the public by providing a readily available, low-cost source of funds to FHLBank member banks through advances, which in turn loan money to local institutions that lend directly to borrowers. These funds may be used for residential mortgages, community investments, and other services for housing and community development. In addition, some of the banks provide member banks with a means of enhancing liquidity by purchasing home mortgages through mortgage programs developed for their member banks. Member banks can also borrow from an FHLBank to fund low-income housing. As of December 31, 2016, the FHLBanks had \$705 billion in outstanding advances.

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, the household's income in at least 20% of the units may 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 \$392 million, \$332 million, and \$269 million for the years ended December 31, 2016, 2015, and 2014, respectively.

Fannie Mae and Freddie Mac

Fannie Mae⁹

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

Fannie Mae provides reliable, large-scale access to affordable mortgage credit and indirectly enables families to buy, refinance, or rent homes. Fannie Mae securitizes mortgage loans originated by lenders by placing the loans in a trust and issuing Fannie Mae mortgage-backed securities (MBS) comprising these securitized loans, which it then guarantees (Fannie Mae MBS). One of its key functions is to evaluate, price, and manage the credit risk on the loans and securities that it guarantees.

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

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

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

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

Freddie Mac¹⁰

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

Freddie Mac supports the US housing market and the overall economy by: (1) providing America's families with access to mortgage funding at lower rates; (2) helping distressed borrowers keep their homes and avoid foreclosure; and (3) providing consistent liquidity to the multifamily mortgage market, which includes providing financing for affordable

rental housing. Freddie Mac is also working with FHFA, its customers and the industry to build a stronger housing finance system for the nation.

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

Conservatorship¹¹

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 System¹²

The Farm Credit System (Farm Credit) is a nationwide network of 73 independent customer-owned lending institutions, providing more than \$259 billion in loans, leases, and related services to nearly 500,000 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 Mac¹³

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

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

Farmer Mac's main secondary market activities are:

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

Farmer Mac funds its purchases of eligible loans (including participation interests in eligible loans) and guaranteed securities primarily by issuing debt obligations in the public capital markets. As of December 31, 2018, its total outstanding business volume was \$20 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	1980	1990	2000	2010	2015	2016	2017	2018
Old Age and Survivors Insurance								
Total benefits paid (in millions)	\$ 105,074	\$ 222,993	\$ 352,706	\$ 577,448	\$ 742,939	\$ 768,633	\$ 798,722	na
Number of recipients	30,631,213	35,441,163	38,676,621	43,621,258	48,926,104	50,021,395	51,191,697	52,448,921
Average benefit per recipient	\$ 305	\$ 554	\$ 788	\$ 1,110	\$ 1,273	\$ 1,292	\$ 1,334	na
Disability Insurance								
Total benefits paid (in millions)	\$ 15,437	\$ 24,803	\$ 54,938	\$ 124,191	\$ 143,282	\$ 142,703	\$ 142,740	na
Number of recipients	4,699,942	4,225,933	6,624,978	10,034,403	10,811,713	10,639,833	10,450,339	10,213,144
Average benefit per recipient	\$ 269	\$ 437	\$ 625	\$ 922	\$ 1,022	\$ 1,029	\$ 1,038	\$ 1,066
Total Social Security								
Total benefits paid (in millions)	\$ 120,511	\$ 247,796	\$ 407,644	\$ 701,639	\$ 886,221	\$ 911,336	\$ 941,462	na
Number of recipients	35,331,155	39,667,096	45,301,599	53,655,661	59,737,817	60,661,228	61,642,036	62,662,065
Average benefit per recipient	\$ 304	\$ 525	\$ 759	\$ 1,107	\$ 1,270	\$ 1,284	\$ 1,304	\$ 1,347

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

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

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

In 2016, Social Security payments were \$916 billion or 16% of our Government's aggregate expenditures. Partially offsetting Social Security expenditures (but shown separately as revenue in our income statement), is \$827 billion of Social Security tax receipts, which comprised 16% of our Government's aggregate revenue.

Eligibility and enrollment¹⁴

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 2017: "A total of 30 states...exempted social security income from taxation. Fourteen states taxed social security benefits in 2017, including five states that followed current federal practice and taxed up to 85% of benefits and nine states provided their own taxation treatment."¹⁵

Disability

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

- the applicant's earnings average less than a certain amount each month;
- the applicant's medical condition significantly limits his or her ability to do basic work activities – such as lifting, standing, walking, sitting, and remembering – for at least 12 months;
- the applicant's medical condition is of at least a certain severity, preventing the applicant from completing substantial gainful activity, regardless of age, education, or work experience;

- the applicant's medical impairment(s) prevents him or her from performing any of his or her past work; and
- there is no other work the applicant can do despite his or her impairment(s) given his or her age, education, past work experience, and skills.

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

There are special rules for people who are blind.

Retirement

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

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

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

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

Survivor benefits

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

Children's benefits

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

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

The child must also be any of the following:

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

Enrollment

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

Funding and financial condition of the 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. For calendar year 2010, most employers were exempt from paying the employer share of OASDI tax on wages paid to certain qualified individuals hired after February 3. For calendar years 2011 and 2012, the OASDI tax rate was reduced by 2 percentage points for employees and for self-employed workers, resulting in a 4.2% effective tax rate for employees and a 10.4% effective tax rate for self-employed workers. Reductions in tax revenue due to these lower tax rates were made up by transfers from the general fund of the Treasury to the OASI and DI trust funds.

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

1980	\$ 25,900	1990	\$ 51,300	2000	\$ 76,200	2005	\$ 90,000
2010	\$ 106,800	2015	\$ 118,500	2016	\$ 118,500	2017	\$ 127,200
2018	\$ 128,400						

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 2016, 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	2015	2016	2017	2018
Total cash income¹	\$ 117,439	\$ 307,921	\$ 561,321	\$ 788,061	\$ 913,352	\$ 950,223	\$ 992,091	\$ 992,568
Social insurance and retirement receipts (payroll taxes)	113,209	281,656	480,584	631,687	770,372	810,180	850,618	854,747
Intergovernmental receipts:	4,230	26,265	80,685	156,281	142,898	139,971	141,396	137,745
Government employer share for government employee retirement	1,204	5,567	7,637	14,936	16,008	16,936	17,499	18,193
Interest	2,340	15,991	59,796	118,502	95,968	90,575	86,512	83,809
Other	686	4,707	13,252	22,843	30,922	32,460	37,385	35,743
Other cash income	—	—	52	93	82	72	77	76
Total cash outgo¹	\$ 118,559	\$ 249,705	\$ 409,473	\$ 706,351	\$ 887,767	\$ 916,073	\$ 944,904	\$ 987,904
Benefit payments	115,514	243,263	402,104	695,459	876,559	905,084	933,897	976,566
Payments to the railroad retirement account	1,442	3,049	3,697	4,392	4,677	4,663	4,523	4,943
Interest payments	—	1,082	—	—	—	—	—	—
Administrative expenses	1,494	2,273	3,606	6,390	6,387	6,198	6,246	6,423
Military service credit adjustment	—	—	—	—	—	—	—	—
Beneficiary services and other	109	38	66	110	144	128	238	(28)
Surplus (deficit)	\$ (1,120)	\$ 58,216	\$ 151,848	\$ 81,710	\$ 25,585	\$ 34,150	\$ 47,187	\$ 4,664
Adjustment to balances	—	—	—	3	—	—	(2)	(1)
Fund balance, end of year:	\$ 32,259	\$ 214,900	\$ 1,006,852	\$ 2,585,484	\$ 2,808,210	\$ 2,842,360	\$ 2,889,545	\$ 2,894,208
Invested balance	31,251	215,222	1,007,226	2,586,333	2,808,287	2,842,592	2,889,869	2,894,655
Uninvested balance	1,008	(322)	(374)	(849)	(77)	(232)	(324)	(447)

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

^{††} Source: Office of Management and Budget.

^{†††} Our website shows the OASI and DI trust fund financials separately. You can find them [here](#).

¹ Offsetting collections from Federal sources that are credited to the OASI account are treated as offsets to cash outgo rather than as cash income.

The Board of Trustees of OASI and DI Trust Funds projects the OASDI trust funds may become depleted as early as 2030. You can see their projections in Exhibit 99.06.

Medicare¹⁷

Fiscal year (In thousands)	1980	1990	2000	2010	2015	2016	2017
Total enrollment by part: ¹	28,433	34,251	39,688	47,720	55,587	57,090	58,393
Part A (Hospital Insurance)	28,002	33,747	39,257	47,365	55,246	56,740	58,035
Part B (Medical Insurance)	27,278	32,567	37,335	43,882	50,753	52,059	53,395
Part C (Private Insurer-Provided Medicare)	na	2,017	6,856	11,692	17,493	18,391	19,813
Part D (Outpatient Prescription Drug Insurance)	na	na	na	34,772	41,804	43,217	44,455

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

^{††} Source: Office of Management and Budget.

^{†††} We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "[More detail](#)" to access it.

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

¹ Starting in 1983, includes amounts from Postal Service.

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

In 2017, Medicare provided benefits to 58 million Americans, approximately 85% (50 million) of whom were age 65 and older and 15% (9 million) of whom were disabled.

In 2016, Medicare payments (net of premiums of \$91 billion) were \$595 billion or 10% of our Government's aggregate expenditures. Partially offsetting these expenditures (but shown separately as a payroll tax revenue in our income statement) were \$251 billion of Medicare tax receipts, which comprised 5% of our Government's aggregate revenue.

Programs

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

- the Hospital Insurance (HI) program, also known as Medicare Part A:
 - Part A covers in-patient hospital treatment along with some other medical services, with 57 million enrollees as of 2016; 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 52 million enrollees as of 2016; and
 - Part D is the newest addition to the Medicare program (introduced January 1, 2006) and provides subsidies for prescription drugs, with 43 million enrollees as of 2016.

Medicare Part C (aka Medicare Advantage) is a privately-run health insurance option available via Medicare, with 18 million enrollees as of 2016. Part C enrollees pay premiums for their Part B, as well as additional fees to the private insurer, while the federal government covers an amount similar to what it would pay for the person to be enrolled in traditional Medicare.

Eligibility and enrollment

Part A

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

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

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

Part B

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

Part C (Medicare Advantage)

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

Part D

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

Participant costs

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

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

- \$240 per month (as of 2019) for those with 30 – 39 quarters of Medicare-covered employment, or
- \$437 per month (as of 2019) 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 2019 are \$135.50 to \$460.50 per month, depending on the enrollee's yearly income, with the highest premium paid by individuals earning more than \$500,000 or married couples earning more than \$750,000.

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

Funding and financial condition of the program

Funding

Each part of Medicare relies on different funding mechanisms:

- Part A is largely funded by a 2.9% payroll tax levied on employers and workers (each pay 1.45%; self-employed individuals pay the entire 2.9%). Beginning in 2013, the rate of Part A tax on earned income exceeding \$200,000 for individuals (\$250,000 for married couples filing jointly) rose to 3.8% (paid 2.35% by employee and 1.45% by employer, or 3.8% by a self-employed individual), in order to pay part of the cost of the subsidies mandated by the Patient Protection and Affordable Care Act (PPACA).
- Part B is funded primarily by revenue from the federal government general fund and by premiums paid by Medicare enrollees.
- Part C is funded by the Medicare Trust Funds at a fixed amount per month, plus any additional premiums paid by Part C plan members.

- Part D is financed primarily by revenue from the federal government general fund with small amounts coming from enrollee premiums and transfers from states. 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 2016, 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 \$63 billion, for a combined balance of \$255 billion.

Fiscal year (In millions)	1980	1990	2000	2010	2015	2016	2017	2018
Total cash income	\$ 35,690	\$ 125,697	\$ 248,921	\$ 505,217	\$ 631,944	\$ 688,714	\$ 718,533	\$ 746,142
Social insurance and retirement receipts (payroll taxes)	23,217	68,556	135,529	180,068	234,189	246,812	255,930	260,659
Excise taxes (SMI)	—	—	—	—	2,991	2,853	4,147	4,095
Intergovernmental receipts:	9,529	45,531	91,333	250,528	300,019	334,121	347,119	358,230
Government employer share for government employee retirement ¹	249	2,153	2,630	4,042	4,073	4,285	4,416	4,478
Interest	1,477	9,370	13,630	17,602	11,106	10,063	9,769	9,733
Federal payment (OASDI taxes)	—	—	8,787	13,760	20,208	23,022	24,206	24,192
Federal contributions and other	7,803	34,008	66,286	215,124	264,632	296,751	308,728	319,827
Premium income	2,944	11,607	21,907	65,307	83,687	90,752	100,029	111,738
Other cash income ²	—	3	152	9,314	11,058	14,176	11,308	11,420
Total cash outgo	\$ 35,034	\$ 109,709	\$ 219,022	\$ 525,640	\$ 640,446	\$ 698,610	\$ 708,298	\$ 711,502
Benefit payments	33,937	107,172	214,867	518,832	631,847	690,118	699,784	701,888
Administrative expenses ³	1,080	2,298	3,042	5,279	6,269	6,023	5,527	6,660
Payments to the Patient-Centered Outcomes Research Trust Fund	—	—	—	—	117	123	131	144
Other	17	239	1,113	1,529	2,213	2,346	2,856	2,810
Surplus (deficit)	\$ 656	\$ 15,988	\$ 29,899	\$ (20,423)	\$ (8,502)	\$ (9,896)	\$ 10,235	\$ 34,640
Fund balance, end of year	\$ 19,029	\$ 110,158	\$ 213,968	\$ 350,842	\$ 265,186	\$ 255,292	\$ 265,528	\$ 300,173
Invested balance	19,214	110,535	213,934	349,203	261,586	255,545	268,424	301,002
Uninvested balance	(185)	(377)	34	1,639	3,600	(253)	(2,896)	(829)

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^{††} Source: Office of Management and Budget.

^{†††} Our website shows the HI and SMI trust fund financials separately. You can find them [here](#).

¹ Starting in 1983, includes amounts from Postal Service.

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

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

The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds project the Medicare HI (Part A) trust fund may become depleted as early as 2023. See their projections in Exhibit 99.07.

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

Federal fiscal year	1980	1990	2000	2010	2015	2016	2017
Medicaid							
Spending (in billions) ¹	\$ 25.2	\$ 72.2	\$ 206.2	\$ 401.5	\$ 549.1	\$ 577.3	\$ 592.2
Average monthly enrollment (in millions) ¹	19.6	22.9	34.5	54.5	70.0	72.2	73.8
Spending per enrollee ¹	\$ 1,285	\$ 3,147	\$ 5,972	\$ 7,361	\$ 7,841	\$ 7,993	\$ 8,024
Total beneficiaries (in thousands of people)²	21,605	25,255	41,212	63,730	na	na	na
Children	9,333	11,220	18,528	30,024	na	na	na
Adults	4,877	6,010	8,538	15,368	na	na	na
Disabled	2,911	3,718	6,688	9,341	na	na	na
Aged	3,440	3,202	3,640	4,289	na	na	na
Unknown	1,044	1,105	3,817	4,709	na	na	na
Total enrollees (in thousands of people, rounded to the nearest 100,000)³	19,600	22,900	34,500	54,500	70,000	72,200	73,800
Children	na	na	16,100	26,400	28,100	28,100	28,200
Adults	na	na	6,900	13,100	15,200	15,300	15,500
Newly eligible adults	na	na	—	—	9,100	11,200	12,200
Disabled	na	na	6,700	9,200	10,500	10,600	10,600
Aged	na	na	3,600	4,900	5,600	5,700	5,800
Territories	na	na	900	1,000	1,500	1,400	1,400
State fiscal year	1980	1990	2000	2010	2015	2016	2017
Medicaid as share of state budgets (including all federal and state funds) ⁴	na	12.5%	19.1%	22.2%	27.9%	28.7%	na
Medicaid as share of state budgets (including state general funds only; no federal funds) ⁴	na	9.5%	15.0%	14.8%	19.5%	19.6%	na
Medicaid as share of state budgets (including all state funds; no federal funds) ⁴	na	6.9%	11.0%	11.6%	15.5%	15.9%	na
Children's Health Insurance Program (CHIP)⁵							
Average monthly enrollment (in millions)	na	na	2.1	5.4	5.9	6.5	na

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

^{††} Source: Centers for Medicare and Medicaid Services.

^{†††} 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 Centers for Medicare and Medicaid Services (CMS) Office of the Actuary (OACT). Spending consists of federal and state Medicaid expenditures for benefits and administration, excluding the Vaccines for Children program. Enrollment counts are full-year equivalents and, for fiscal years prior to 1990, have been estimated from counts of persons served. Enrollment data for fiscal years 2013 – 2017 are projected; those for fiscal years 1999 – 2015 include estimates for Puerto Rico and the Virgin Islands.

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. Excludes Medicaid-expansion CHIP and the territories. 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. This data does not recode individuals age 65 and older who are reported as disabled, due to lack of detail in the historical data. 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.

³ The Centers for Medicare and Medicaid Services stopped reporting numbers of beneficiaries in 2013. Accordingly, we have switched to reporting enrollees. Details may not add up to the total. Total enrollees and enrollees by type were taken from two separate data sources.

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

⁵ CHIP numbers include adults covered under waivers. Enrollment for Territories for fiscal year 2000 and later is estimated.

Medicaid is a joint federal and state program that, together with the Children's Health Insurance Program (CHIP), provides health coverage to more than 72.5 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 2016, Medicaid and CHIP payments were \$535 billion or 9% 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 2016, 32 states have expanded their Medicaid programs to cover all people with household incomes below a certain level. Whether you qualify for Medicaid coverage depends partly on whether your state has expanded its program through the Affordable Care Act.

- *In all states* - You can qualify for Medicaid based on income, household size, disability, family status, and other factors. Eligibility rules differ between states.
- *In states that have expanded Medicaid coverage* - You can qualify based on your income alone. If your household income is below 138% of the federal poverty level (FPL), you qualify.

Modified Adjusted Gross Income (MAGI), calculated as adjusted gross income (AGI) (gross income less adjustments as defined by the IRS at the time) plus untaxed foreign income, non-taxable Social Security benefits, and tax-exempt interest, is used to determine financial eligibility for Medicaid, CHIP, and premium tax credits and cost sharing reductions available through the health insurance marketplace. Eligibility is expressed as a percentage of the FPL and varies by state; a recipient's MAGI must be below the stated threshold to qualify. The eligibility ranges, expressed as a percentage of the FPL, 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 17 states to 319% in District of Columbia
- *Pregnant women* – ranging from 133% in four states to 375% in Iowa
- *Adult parent/caretaker* – ranging from 13% in Alabama to 216% in District of Columbia

CHIP:

- *Children from birth to age 19 with exceptions, including 14 states that don't offer CHIP to children* – ranging from 170% in North Dakota to 400% in New York
- *Pregnant women* – only five states offer – ranging from 200% in two states to 300% in Missouri

The FPL for 2018 ranges from \$12,140 for individuals to \$42,380 for a family of eight.

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

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

Funding and financial condition of the program

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

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

Food assistance – Supplemental Nutrition Assistance Program (SNAP)

Fiscal year	1980	1990	2000	2010	2015	2016	2017	2018
Total benefits (in millions)	\$ 8,721	\$ 14,143	\$ 14,983	\$ 64,702	\$ 69,645	\$ 66,539	\$ 63,601	\$ 60,608
Average monthly recipients (in thousands)	21,082	20,049	17,194	40,302	45,767	44,219	42,123	40,324
Average monthly benefits per person	\$ 34	\$ 59	\$ 73	\$ 134	\$ 127	\$ 125	\$ 126	\$ 125

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^{††} Source: Department of Agriculture.

^{†††} We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "[More detail](#)" to access it.

The Supplemental Nutrition Assistance Program (SNAP) offers nutrition assistance to millions of eligible, low-income individuals and families and provides economic benefits to communities when recipients spend money on food locally. SNAP is the largest program in the domestic hunger safety net. The maximum monthly benefit for the first person in a household is \$192, with the amount per additional person decreasing with each person. These maximum benefits are reduced by 30% of the net monthly income of the household, as SNAP households are expected to spend 30% of their resources on food. In 2016, SNAP payments were \$67 billion or 1% of our Government's aggregate expenditures.

Eligibility and enrollment²⁰

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

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

Resources

Households may have \$2,250 in countable resources, such as a bank account, or \$3,500 in countable resources if at least one person is age 60 or older or is disabled. However, certain resources are not counted, such as a home and lot, the resources of people who receive SSI, the resources of people who receive Temporary Assistance for Needy Families (TANF), and most retirement (pension) plans, as well as vehicles in certain states.

Income

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

Employment

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

Immigrants

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

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

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

Funding and financial condition of the program

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

Unemployment Insurance²¹

Fiscal year	1980	1990	2000	2010	2015	2016	2017
Regular Benefits							
Total # weeks claimed (in thousands)	148,952	115,955	96,007	203,149	100,675	94,793	87,582
Average weekly benefit (non-partial)	\$ 100	\$ 162	\$ 221	\$ 299	\$ 329	\$ 344	\$ 351
Aggregate benefits paid (in millions)	\$ 14,191	\$ 17,956	\$ 20,479	\$ 57,891	\$ 31,622	\$ 31,212	\$ 29,442
Extended Benefits							
Total # weeks claimed (in thousands)	17,940	247	28	31,786	2	—	6
Average weekly benefit (non-partial)	\$ 98	\$ 105	\$ 182	\$ 295	\$ 148	\$ 506	\$ 261
Aggregate benefits paid (in millions)	\$ 1,704	\$ 30	\$ 4	\$ 8,919	\$ (32)	\$ 45	\$ 23
Emergency Benefits							
Total # weeks claimed (in thousands)	—	—	—	237,307	43	17	10
Average weekly benefit (non-partial)	\$ —	\$ —	\$ —	\$ 289	\$ 422	\$ 557	\$ 723
Aggregate benefits paid (in millions)	\$ —	\$ —	\$ —	\$ 70,229	\$ 12	\$ 6	\$ 4
Total Benefits (All Types)							
Aggregate UI benefits paid (in millions)	\$ 15,895	\$ 17,986	\$ 20,483	\$ 137,039	\$ 31,602	\$ 31,263	\$ 29,469

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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 Unemployment Insurance (UI) programs provide benefits to eligible workers who become unemployed through no fault of their own and meet certain other eligibility requirements. Unemployment insurance payments (benefits) are intended to provide temporary financial assistance to unemployed workers who meet the requirements of state law. Each state administers a separate UI program within guidelines established by federal law. In general, UI benefits are based on a percentage of an individual's earnings over a recent 52-week period, up to a state maximum amount. Benefits can be paid for a maximum of 26 weeks in most states. Additional weeks of benefits may be available during times of high unemployment (extended and emergency benefits). The basic extended benefits program provides up to 13 additional weeks of benefits. Some states have also enacted a voluntary program to pay up to 7 additional weeks (20 weeks maximum) of extended benefits during periods of extremely high unemployment. Some states provide additional benefits for specific purposes. In 2016, UI payments were \$37 billion or 1% 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 Federal Unemployment Tax Act (FUTA) tax. Employers owe FUTA tax on the first \$7,000 they pay to each employee during the calendar year after subtracting any payments exempt from FUTA tax. The FUTA tax is 6.0% for 2018, 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.²² 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.

As of December 31, 2018, the aggregate state UI trust fund balance was \$67 billion. Because of the Great Recession, 35 states and one insular area depleted their UI funds and took advances totaling \$154 billion (since December 31, 2007) from the federal government (authorized under Title XII of the Social Security Act) to continue to pay benefits. As of the end of 2018, one insular-area UI program still had a total of \$68 million in outstanding federal loans. Two states, Michigan and Pennsylvania, had an additional \$2 billion in aggregate outstanding private borrowings. During 2018, the states earned a total of \$1 billion on their UI trust fund investments and incurred a total of \$12 million of interest expense owed to the federal government for their Title XII loans.²³

Earned Income Tax Credit (EITC)²⁴

Calendar year	1980	1990	2000	2010	2015	2016
Total EITC claims (in millions)	\$ 1,986	\$ 7,542	\$ 32,296	\$ 59,562	\$ 68,525	\$ 66,723
Total EITC claims for returns with children (in millions)	\$ 1,986	\$ 7,542	\$ 31,593	\$ 57,809	\$ 66,387	\$ 64,669
Number of EITC returns (in thousands)	6,954	12,542	19,277	27,368	28,082	27,383
Number of EITC Returns with children (in thousands)	6,954	12,542	15,872	20,720	20,815	20,332
Average amount of EITC	\$ 286	\$ 601	\$ 1,675	\$ 2,176	\$ 2,440	\$ 2,437
Average amount of EITC for returns with children	\$ 286	\$ 601	\$ 1,990	\$ 2,790	\$ 3,189	\$ 3,181

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^{††} Source: Internal Revenue Service.

^{†††} We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "[More detail](#)" to access it.

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

The maximum federal credit amounts for the latest tax year, 2018, are:

- \$6,431 with three or more qualifying children;
- \$5,716 with two qualifying children;
- \$3,461 with one qualifying child; and
- \$519 with no qualifying children.

Eligibility and enrollment

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

Financial qualifications

To be eligible for the EITC, one may not earn more than \$3,500 in investment income for the year (as of 2018). In addition, earned income and adjusted gross income (AGI) for 2018 must each be less than:

If filing	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, Head of Household or Widowed	\$ 15,270	\$ 40,320	\$ 45,802	\$ 49,194
Married Filing Jointly	\$ 20,950	\$ 46,010	\$ 51,492	\$ 54,884

Non-financial qualifications

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

Funding and financial condition of the program

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

Premium Tax Credit (PTC)²⁵

Calendar year	2014	2015	2016
Total PTC claims (in millions)	\$ 1,011	\$ 1,544	\$ 1,919
Number of PTC returns (in thousands)	1,499	2,343	2,644
Average amount of PTC	\$ 674	\$ 659	\$ 726

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^{††} Source: Internal Revenue Service.

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

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

The maximum credit amounts for the latest tax year, 2018, are:

- \$6,431 with three or more qualifying children;
- \$5,716 with two qualifying children;
- \$3,461 with one qualifying child; and
- \$519 with no qualifying children.

Eligibility and enrollment

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

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

Income limits

In general, individuals and families may be eligible for the premium tax credit if their household income for the year is at least 100% but no more than 400% of the federal poverty line for their family size. For residents of one of the 48 contiguous states or Washington, D.C., the following illustrates when household income would be at least 100% but no more than 400% of the federal poverty line in computing your premium tax credit for 2018:

- \$12,140 (100%) up to \$48,560 (400%) for one individual;
- \$16,460 (100%) up to \$65,840 (400%) for a family of two; and
- \$25,100 (100%) up to \$100,400 (400%) for a family of four

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)²⁶

Calendar year	1980	1990	2000	2010	2015	2016	2017
Total payments (in millions):	\$ 7,771	\$ 16,182	\$ 32,160	\$ 51,357	\$ 57,458	\$ 57,250	\$ 57,298
Blind or disabled	5,142	12,635	27,438	45,618	51,493	51,216	51,190
Aged	2,629	3,547	4,722	5,739	5,965	6,034	6,108
SSI federal payments ¹	\$ 5,923	\$ 12,943	\$ 28,778	\$ 47,768	\$ 54,827	\$ 54,634	\$ 54,648
SSI federally administered state supplementation payments	\$ 1,848	\$ 3,239	\$ 3,382	\$ 3,589	\$ 2,631	\$ 2,616	\$ 2,650
SSI recipients (in thousands):²	4,142	4,817	6,602	7,912	8,309	8,251	8,228
Blind or disabled	2,334	3,363	5,312	6,728	7,152	7,087	7,051
Aged	1,808	1,454	1,289	1,184	1,157	1,165	1,176
SSI payments per recipient:²	\$ 1,876	\$ 3,359	\$ 4,871	\$ 6,491	\$ 6,922	\$ 6,949	\$ 6,964
Blind or disabled	2,203	3,754	5,165	6,780	7,208	7,239	7,260
Aged	1,454	2,446	3,663	4,847	5,156	5,179	5,194

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

^{††} Source: Social Security Administration.

^{†††} We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "[More detail](#)" to access it.

¹ Total historical payments for 1980 are estimated.

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

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

The monthly maximum benefit amounts for 2019 are \$771 for an eligible individual, \$1,157 for an eligible individual with an eligible spouse, and \$386 for an essential person. The monthly amount is reduced by subtracting monthly countable income. In the case of an eligible individual with an eligible spouse, the amount payable is further divided equally between the two spouses. Some states supplement SSI benefits.

In 2016, SSI payments were \$61 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	2015	2016	2017	2018
All HUD programs							
Subsidized units available (in thousands) ¹	4,881	5,092	5,095	5,039	5,016	5,019	5,036
Number of households reporting (in thousands)	3,904	4,032	4,429	4,682	4,677	4,651	4,628
Average household size (persons)	2.2	2.2	2.1	2.1	2.1	2.1	2.1
Total number of people (in thousands)	8,494	8,809	9,859	9,853	9,785	9,653	9,535
Average monthly household rent contribution ²	\$ 212	\$ 258	\$ 288	\$ 328	\$ 332	\$ 337	\$ 346
Average monthly federal spending per unit ³	\$ 421	\$ 503	\$ 631	\$ 680	\$ 687	\$ 693	\$ 743
Average household income	\$10,300	\$11,500	\$12,364	\$13,499	\$13,726	\$13,958	\$14,347
% extremely low income (<30% median) ⁴	70%	77%	76%	73%	73%	73%	75%
% household headed by female	79%	79%	78%	76%	76%	76%	75%
% minority households	58%	59%	63%	65%	65%	64%	64%
Average months on waiting list ⁵	22	18	18	26	26	27	26
Average months since moved in ⁶	75	74	84	105	106	107	110

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

^{††} Source: Department of Housing and Urban Development.

^{†††} We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "[More detail](#)" to access it.

¹ Number of units under contract for federal subsidy and available for occupancy.

² Average household contribution towards rent per month (includes utilities).

³ Average federal spending per unit per month. For public housing, the operating subsidy is divided by the total number of occupied units. For tenant-based Section 8 the housing assistance payment is divided by the total number of reported households. Average total household income per year (shown in thousands of dollars per year). (Numerator includes zero income but excludes missing income; denominator includes all households.)

⁴ % of households with income below 30% of local area median family income, adjusted for household size.

⁵ Average months on waiting list among new admissions. Excludes programs that do not report waiting list dates. (Excludes zero and missing values.)

⁶ Average number of months since moved in. (Excludes zero and missing values.)

According to the US Department of Housing and Urban Development (HUD), families that pay more than 30% of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care. An estimated 12 million households pay more than 50% of their annual incomes for housing.

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

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

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

- The HOME Investments Partnerships Program provides grants to states and local governments to fund a wide range of activities including building, buying, and/or rehabilitating housing for rent or homeownership or providing direct rental assistance to low-income families. It is the largest federal block grant program for state and local governments designed exclusively to create affordable housing for low-income households.
- 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 2016, government housing support generated net revenue of \$35 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 2016) was net revenue generation of \$80 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 \$79 billion in revenue (between 2008 and 2016).

Eligibility and enrollment

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

Funding and financial condition of the program

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

Student financial aid²⁷

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

(in millions, unless noted)	1980	1990	2000	2010	2015	2016	2017
Federal grants							
Pell Grant expenditures by type of institution:	\$ 2,357	\$ 4,778	\$ 7,209	\$ 29,992	\$ 30,626	\$ 28,559	\$ 26,894
Public ¹	na	na	na	\$ 18,145	\$ 20,430	\$ 19,271	\$ 18,512
Private ¹	na	na	na	\$ 3,884	\$ 4,744	\$ 4,568	\$ 4,424
Proprietary ¹	na	na	na	\$ 7,332	\$ 5,453	\$ 4,720	\$ 3,958
Number of valid Pell Grant applicants (in thousands):	3,868	6,165	8,527	16,542	17,357	16,431	15,516
Eligible applicants	3,030	4,348	4,903	10,969	12,338	11,444	na
Ineligible applicants	839	1,818	3,624	5,574	5,018	4,988	na
Federal Pell Grant recipients (in thousands)	2,538	3,322	3,764	8,094	8,316	7,660	7,195
Average Pell Grant (actuals):	\$ 929	\$ 1,438	\$ 1,915	\$ 3,706	\$ 3,683	\$ 3,728	\$ 3,738
Minimum grant	\$ 200	\$ 200	\$ 400	\$ 976	\$ 587	\$ 581	na
Maximum grant	\$ 1,800	\$ 2,300	\$ 3,125	\$ 5,350	\$ 5,730	\$ 5,775	\$ 5,815
Federal Supplemental Educational Opportunity Grants	\$ 338	\$ 437	\$ 619	\$ 736	\$ 733	\$ 733	\$ 733
Veterans	na	na	\$ 1,629	\$ 8,260	\$ 13,408	\$ 13,838	\$ 13,182
Federal Work-Study	\$ 547	\$ 609	\$ 850	\$ 972	\$ 981	\$ 981	\$ 960
Federal loans							
Perkins Loan disbursements	\$ 651	\$ 903	\$ 1,101	\$ 818	\$ 1,160	\$ 1,045	\$ 886
Direct loan disbursements by type of institution:	na	na	\$ 10,141	\$ 42,582	\$ 96,458	\$ 94,478	\$ 93,786
Public ¹	na	na	\$ 2,554	\$ 9,933	\$ 34,557	\$ 34,983	\$ 44,487
Private nonprofit ¹	na	na	\$ 6,930	\$ 22,430	\$ 44,946	\$ 44,034	\$ 35,830
Proprietary ¹	na	na	\$ 657	\$ 10,209	\$ 15,756	\$ 14,172	\$ 12,192
Foreign ¹	na	na	\$ —	\$ 10	\$ 1,199	\$ 1,289	\$ 1,278

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

^{††} Source: Department of Education.

^{†††} We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "[More detail](#)" to access it.

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

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

Federal

The Federal Student Aid office of the US Department of Education awards about \$120 billion a year in grants, work-study funds, and low-interest loans to more than 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 registered with Selective Service, if a male (men must register between the ages of 18 and 25);
- be enrolled or accepted for enrollment as a regular student in an eligible degree or certificate program;
- be enrolled at least half-time to be eligible for Direct Loan Program funds;
- maintain satisfactory academic progress in college or career school;
- sign the certification statement on the FAFSA stating that:
 - the applicant is not in default on a federal student loan and does not owe money on a federal student grant; and
 - will use federal student aid only for educational purposes; and
- show they are qualified to obtain a college or career school education by:
 - having a high school diploma or a recognized equivalent such as a General Educational Development (GED) certificate;
 - completing a high school education in a homeschool setting approved under state law; or
 - enrolling in an eligible career pathway program and meeting one of the “ability-to-benefit” alternatives.

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, 2018, 42.9 million unduplicated recipients of federal student loans owed a total of \$1.4 trillion or approximately \$33,500 per borrower. Direct loans constituted the largest portion of the total, with \$1.2 trillion owed by 34.2 million unduplicated recipients or approximately \$33,600 per borrower. Of these direct loans, \$624 billion or approximately \$34,400 per borrower were in repayment status, of which \$531 billion or approximately \$36,000 per borrower was current and \$9 billion, or 1% or approximately \$23,900 per borrower, was in technical default (271 days plus delinquent) or transferring to a collection agency, with the remaining balance in various stages of delinquency.

State and local

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

Welfare – Temporary Assistance for Needy Families (TANF)²⁸

Fiscal year	1980	1990	2000	2010	2015	2016	2017	2018
TANF expenditures (in millions) ¹	na	na	\$ 24,781	\$ 33,255	\$ 29,296	\$ 28,321	\$ 28,701	na
TANF/AFDC average monthly total recipients (in thousands) ²	10,597	11,460	5,943	4,371	3,088	2,764	2,565	2,258
TANF/AFDC average monthly total child recipients (in thousands) ²	7,322	7,755	4,370	3,289	2,353	2,124	1,985	1,767
TANF/AFDC average monthly total number of families (in thousands) ²	3,642	3,974	2,265	1,848	1,334	1,203	1,097	1,013
TANF SSP average monthly total recipients ³	na	na	380,522	221,868	1,092,338	1,123,354	1,085,189	975,846
TANF SSP average monthly child recipients ³	na	na	227,615	132,913	653,627	687,479	674,683	615,223
TANF SSP average monthly total number of families ³	na	na	90,811	69,459	302,382	316,810	307,282	222,539

[†] Source: Department of Health and Human Services.

^{††} We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click “[More detail](#)” to access it.

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

¹ Includes State Separate Programs expenditures

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

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

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

- provide assistance to needy families so that children can be cared for in their own homes;
- reduce the dependency of needy parents by promoting job preparation, work, and marriage;

- prevent and reduce the incidence of out-of-wedlock pregnancies; and
- encourage the formation and maintenance of two-parent families.

In 2016, TANF payments were \$28 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

Calendar year (In millions)	1980	1990	2000	2010	2015	2016	2017	2018
Federal R&D outlays by agency¹								
All agencies	\$29,154	\$62,135	\$76,898	\$131,388	\$127,818	\$108,545	\$109,973	na
Department of Defense	13,501	36,703	38,519	67,615	62,100	42,700	42,387	na
Department of Health and Human Services	3,477	8,309	18,187	34,928	29,497	29,522	32,233	na
NASA	3,465	6,324	6,424	7,316	12,150	11,937	9,847	na
Department of Energy	4,697	5,508	6,068	8,986	11,303	11,231	12,069	na
All other	4,014	5,291	7,700	12,543	12,768	13,155	13,437	na
Higher education R&D expenditures (including Federal)²								
Total higher education	\$6,063	\$16,290	\$30,084	\$61,287	\$68,692	\$71,935	\$75,315	na
Federal government ³	4,098	9,640	17,548	37,478	37,911	38,845	40,305	na
State and local government	491	1,324	2,200	3,887	3,864	4,034	4,247	na
Institution funds	835	3,006	5,925	11,943	16,638	18,004	18,922	na
Business	236	1,127	2,156	3,202	4,008	4,216	4,430	na
All other	403	1,191	2,255	4,777	6,272	6,836	7,411	na

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

^{††} We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "[More detail](#)" to access it.

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

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

² Science and Engineering R&D only.

³ Federal Expenditures are also counted in Federal R&D Outlays by Agency above.

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

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

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

Marketing, sales, and distribution

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

Marketing

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

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

Federal agencies also advertise to promote their services or influence public behavior. The Centers for Disease Control, for example, has carried out campaigns to encourage people to quit smoking and get tested for HIV. The Office of National Drug Control Policy is mandated by law to produce advertising campaigns to discourage the use of illegal drugs. State, local, and federal governments use the services of the Ad Council, a non-profit group backed by advertising agencies and media outlets, for free public-service advertising campaigns through a nationwide network of more than 33,000 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 9,500 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 nearly 31,000 retail outlets. Customers pay for transportation when they buy rides on local bus and subway networks and pay tolls on highways. Many states and counties have a monopoly on distribution and sales of some or all alcoholic beverages, often through chains of government-operated retailers.

Distribution

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

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

Reporting segments

When businesses report their financial results, they organize them into "segments." A segment is a portion of an organization that engages in activities from which it may earn revenue and incur expenses, has discrete financial information available, and whose results are regularly reviewed by the organization's decision maker(s) for performance assessment and resource allocation decisions. This framework is what the business itself, investors, and the media use to

explain in a common language the financial results and operations of the company. Adopting a similar framework, we have chosen to report our Government's operations in four segments – Justice and Domestic Tranquility (JDT), Common Defense (CD), General Welfare (GW), and Blessings of Liberty (BL), aligned with the preamble to the US Constitution:

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

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

We do not report revenues by segment but do report expenditures and key metrics on a segment basis. Certain expenditures, including 2% of total fiscal year 2016 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 2016, 7% or \$425 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 (\$321 billion in spending in 2016)

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

Safeguarding consumers and employees (\$22 billion in spending in 2016)

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

Child safety and miscellaneous social services (\$82 billion in spending in 2016)

- *Key initiatives* – maintain the welfare and safety of all children, including through child protective services, child welfare, and foster care programs
- *Key departments* – Department of Health and Human Services (primarily Administration for Children and Families), Department of Education (primarily Office of Special Education and Rehabilitative Services), Corporation for National and Community Service, and Office of Social Innovation and Civic Participation at the federal level and state and local child welfare offices

- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – numbers of child victims and fatalities, children in foster care and their time spent there, foster children reunited with family or adopted, and children in poverty

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

A little more than 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, approximately 43% of the segment's expenditures are for payroll for current employees (based on 2014 data, the latest available).

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 2016, 14% or \$828 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 (\$768 billion in spending in 2016)

- *Key initiatives* – operate a military, including raise an army, navy, and air force, employ troops, provide benefits to veterans, and invest in defense technology and equipment
- *Key departments* – Department of Defense, Department of Veterans Affairs (primarily the Veterans Health Administration), Department of Energy (primarily the National Nuclear Security Administration and Environmental and Other Defense Activities), and Department of Justice (primarily the Federal Bureau of Investigation) at the federal level and veterans' services offices at the state level
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – numbers of military personnel deployed, military deaths, civilian deaths overseas, veterans, and unique Veterans Affairs patients, and rates of veteran unemployment, poverty, and disability

Immigration and border security (\$15 billion in spending in 2016)

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

Foreign affairs and foreign aid (\$45 billion in spending in 2016)

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

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

More than 70% of the expenditures of this segment are for national defense activities and are driven mainly by investment in preparation for future military conflicts and the occurrence and magnitude of conflicts. The costs are largely for

personnel, equipment procurement, operations and maintenance, and services. Federal military employee wages and salaries was \$108 billion in 2016.

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 2016, 23% or \$1,358 billion of our Government's expenditures were made by this segment, with a third spent by the federal government and the remainder by state and local governments.

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

Economy and infrastructure (\$243 billion in spending in 2016)

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

Standard of living and aid to the disadvantaged (\$962 billion in spending in 2016)

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

Health (excluding Medicaid and Medicare) (\$153 billion in spending in 2016)

- *Key initiatives* – promote good health as the foundation of a good living and manage the structure of the healthcare industry as well as public health and health regulation
- *Key departments* – Department of Health and Human Services at the federal level and state and local public hospitals

- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – life expectancy at birth, average age at death, deaths from various sicknesses, percentages of adults who suffer from certain health conditions, and the amount of money individuals spend on healthcare

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 2016, 53% or \$3,097 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 (\$862 billion in spending in 2016)

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

Wealth and savings (\$2,127 billion in spending in 2016)

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

Sustainability and self-sufficiency (\$108 billion in spending in 2016)

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

American Dream (\$2 billion in spending in 2016, also included within other subsegments)

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

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

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

Customers

Our Government’s customers are the individuals living in the US and US citizens living overseas, including members of the armed forces. As of July 1, 2016, the population of the US, excluding US territories, was approximately 323 million. The population of the US is growing but at a rate that is generally decelerating; the population of the US grew 1% during each of the years ended July 1, 2016 and July 1, 2015, 16% in the 16 years following July 1, 2000, and 44% in the 36 years following July 1, 1980.

Demographics of our population

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

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

Population demographics

	1980	1990	2000	2005	2010	2015	2016	2017	2018
Total population (in thousands) ^{1,4}	227,225	249,623	282,162	295,517	309,338	320,743	323,071	325,147	327,167
Population change ²	2,920	2,588	2,457	2,682	2,395	2,356	2,329	2,076	2,020
Natural	2,021	1,959	1,579	1,689	1,659	1,293	1,259	1,123	1,041
Births	4,492	4,114	3,966	4,121	4,150	3,992	3,963	3,902	3,856
Deaths	2,471	2,155	2,387	2,432	2,491	2,700	2,703	2,779	2,814
Net migration	na	na	878	921	735	1,064	1,069	953	979
Residual ³	899	534	—	71	—	—	—	—	—
Age and sex ^{1,4,6}									
Male	48.6%	48.8%	49.1%	49.1%	49.2%	49.2%	49.2%	49.2%	na
Female	51.4%	51.2%	50.9%	50.9%	50.8%	50.8%	50.8%	50.8%	na
<5 years of age	7.2%	7.6%	6.8%	6.7%	6.5%	6.2%	6.2%	6.1%	na
5 to 14 years	15.3%	14.1%	14.6%	13.7%	13.3%	12.8%	12.7%	12.6%	na
15 to 24 years	18.7%	14.8%	14.0%	14.4%	14.1%	13.6%	13.5%	13.3%	na
25 to 34 years	16.5%	17.3%	14.1%	13.3%	13.3%	13.7%	13.9%	13.9%	na
35 to 44 years	11.4%	15.1%	16.0%	14.7%	13.2%	12.6%	12.6%	12.6%	na
45 to 54 years	10.0%	10.1%	13.5%	14.4%	14.5%	13.4%	13.3%	13.0%	na
55 to 64 years	9.6%	8.5%	8.7%	10.4%	11.9%	12.7%	12.8%	12.9%	na
65+ years	11.3%	12.5%	12.4%	12.4%	13.1%	14.9%	15.3%	15.6%	na
18+ years	71.9%	74.4%	74.3%	75.1%	76.0%	77.1%	77.3%	77.5%	na
Median age (years)	30.0	33.0	35.3	36.3	37.2	37.8	37.9	38.0	na
Race and ethnicity ^{1,4,5}									
White	85.7%	83.9%	81.0%	79.7%	78.3%	77.2%	77.0%	76.8%	na
Black/African American	11.7%	12.3%	12.7%	12.8%	13.0%	13.3%	13.3%	13.4%	na
Asian	1.6%	3.0%	4.0%	4.6%	4.9%	5.6%	5.7%	5.8%	na
American Indian/Alaska Native	0.6%	0.8%	1.0%	1.1%	1.4%	1.5%	1.5%	1.5%	na
Other/Mixed Race	na	na	1.4%	1.8%	2.3%	2.6%	2.6%	2.7%	na
Hispanic	6.4%	9.0%	12.6%	14.6%	16.4%	17.6%	17.9%	18.1%	na
Non-Hispanic, White only	na	75.6%	69.4%	66.5%	63.8%	61.7%	61.2%	60.8%	na
Regional ^{1,4}									
Northeast	21.6%	20.4%	19.0%	18.4%	17.9%	17.5%	17.4%	17.2%	17.2%
Midwest	25.9%	24.0%	22.9%	22.2%	21.7%	21.2%	21.0%	21.0%	20.9%
South	33.3%	34.4%	35.6%	36.4%	37.1%	37.7%	37.9%	38.0%	38.1%
West	19.1%	21.3%	22.5%	23.0%	23.3%	23.6%	23.7%	23.8%	23.8%
Educational attainment ⁷									
Population 25 years and over (in thousands)	na	158,868	175,230	189,367	199,928	212,132	215,015	216,921	219,830
Less than high school graduate	na	24.8%	15.9%	14.8%	12.9%	11.6%	10.9%	10.4%	10.3%
High school graduate	na	30.0%	33.1%	32.2%	31.2%	29.5%	28.8%	28.8%	28.9%
Some college or associate's degree	na	24.9%	25.4%	25.4%	26.0%	26.4%	26.8%	26.6%	26.7%
Bachelor's degree	na	13.1%	17.0%	18.1%	19.4%	20.5%	20.8%	21.3%	22.2%
Graduate or professional degree	na	7.2%	8.6%	9.6%	10.5%	12.0%	12.6%	12.8%	13.2%
Households and families ^{7, 8, 10, 11}									
Total households (in thousands)	80,776	93,347	104,705	113,343	117,538	124,587	125,819	126,224	127,586
Total family households (in thousands)	59,550	66,090	72,025	76,858	78,833	81,716	82,184	82,827	83,088
% total households married no kids	29.9%	29.8%	28.7%	28.3%	28.8%	28.9%	29.0%	29.4%	29.3%
% total households married parents	30.9%	26.3%	24.1%	22.9%	20.9%	19.3%	18.9%	18.7%	18.7%
% total households single fathers	0.8%	1.2%	1.7%	1.8%	1.9%	1.9%	2.0%	1.9%	1.9%
% total households single mothers	6.7%	7.1%	7.2%	7.3%	7.2%	6.9%	6.8%	6.5%	6.4%
% total households other family	5.4%	6.5%	7.0%	7.6%	8.3%	8.6%	8.7%	9.0%	8.8%
Total non-family households (in thousands)	21,226	27,257	32,680	36,485	38,705	42,871	43,635	43,396	44,498
% total households single person	22.7%	24.6%	25.5%	26.6%	26.7%	28.0%	28.1%	27.9%	28.0%
% total households multiple people non-family	3.6%	4.6%	5.7%	5.6%	6.2%	6.4%	6.6%	6.5%	6.9%
Young adults (25-34 years) living at home (in thousands)	3,194	4,987	3,989	4,257	5,520	6,509	7,020	7,108	7,537
Rate of young adults living at home	8.7%	11.5%	10.6%	10.8%	13.4%	15.1%	16.0%	16.1%	16.8%
Average household size	2.76	2.63	2.62	2.57	2.59	2.54	2.53	2.54	2.53
Average family size	3.29	3.17	3.17	3.13	3.16	3.14	3.14	3.14	3.14
Marital status (age 15 years+) ^{7,9}									
Currently married	61.0%	58.7%	56.2%	55.2%	53.6%	52.4%	52.1%	52.4%	52.1%
All men	63.2%	60.7%	57.9%	56.7%	54.8%	53.7%	53.4%	53.8%	53.4%
All women	58.9%	56.9%	54.7%	53.8%	52.4%	51.2%	50.8%	51.0%	50.8%
Net divorce rate ¹²	7.8%	10.7%	12.9%	13.6%	14.1%	14.8%	14.6%	14.5%	14.6%
All men	6.8%	9.7%	12.1%	12.3%	12.9%	13.6%	13.2%	13.3%	13.4%
All women	8.6%	11.5%	13.6%	14.8%	15.2%	15.9%	15.8%	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.

1 Population statistics for 1980, 1990, 2000, and 2010 are from the decennial census published April 1 each decade. All other years are from official intercensal estimates and postcensal estimates produced on July 1 of each year. For years 1990 forward, census data was exported from the CDC WONDER database.

2 Components of population change are from yearly intercensal estimates taken on July 1 of each year. Estimates have not been revised for all years and as a result total population change does not always add to the gap between annual population estimates. For 2010 forward, population change has not been revised. The difference between annual population change estimates and change in estimated total population have been included in the residual.

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. The 2010 and forward components of population change include an unstated residual which is the gap between revised population estimates and change estimates reported each year.

4 Total population estimates by the Census Bureau are produced in March of each year while the demographic statistics are produced 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 1980 population by age comes from revised 1980 numbers as found in intercensal estimate documents from 1990.

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

⁸ 1980 data was revised based on census estimates. The 2014 CPS ASEC included redesigned questions for income and health insurance coverage. All of the approximately 98,000 addresses were selected to receive the improved set of health insurance coverage items. The improved income questions were implemented using a split panel design. Approximately 68,000 addresses were selected to receive a set of income questions similar to those used in the 2013 CPS ASEC. The remaining 30,000 addresses were selected to receive the redesigned income questions. The source of data for this table is the CPS ASEC sample of 98,000 addresses.

⁹ Marital status includes householders whose race was reported as only one race (rather than in combination with one or more other races) after 2003.

¹⁰ A household is an occupied housing unit.

¹¹ 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.

¹² Net divorce rate is calculated as currently divorced as a percentage of ever married.

From 1980 through 2016, 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 nearly 8 years or 25%, from 30.0 years old in 1980 to 37.9 years old in 2016.

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

- The US population of non-Hispanic white people has decreased 14 percentage points since 1990 to 61% of our population, 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 2016. Foreign-born individuals:
 - have a higher labor participation rate (66% in 2016) than native-born individuals (63% in 2016);
 - work in more manual jobs (e.g. service, natural resources, construction, maintenance, moving); and
 - have lower annual earnings (38% earned \$50,000 or more in 2016) than native-born individuals (47% earned \$50,000 or more in 2016).
- Our annual population growth from migration is approaching the growth from births and deaths.

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 14 percentage points since 1990 to 11%, while the share of adults 25 years and over with at least some college experience has increased 15 percentage points to 60% in 2016.

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 0.2 people or 8% since 1980 to 2.5 people per household in 2016, 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 2016;
- the share of households that comprise married families has decreased 13 percentage points since 1980 to 48% in 2016, while the share of households that comprise unmarried individuals or families have increased 13 percentage points to 52% in 2016;
- the share of our population that is currently married has decreased 10 percentage points for men and 8 percentage points for women since 1980 to 53% and 51%, respectively, in 2016, while the rate of individuals currently divorced has increased 6 percentage points for men and 7 percentage points for women to 13% and 16%, respectively, in 2016; and
- the number of young adults (25 – 34 years old) living at home has increased 120% since 1980 to 7.0 million or 16% of all young adults in 2016.

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 or Alaska Native, Asian, and Native Hawaiian or Other Pacific Islander.

	1980	1990	2000	2005	2010	2015	2016	2017
Total population (in thousands)	227,225	249,623	282,162	295,517	309,338	320,743	323,071	325,147
White	194,713	209,367	228,530	235,492	242,244	247,585	248,619	249,619
Black/African American	26,683	30,648	35,815	37,962	40,358	42,608	43,059	43,500
Asian	3,729	7,549	11,173	13,576	15,267	17,860	18,428	18,989
Hispanic	14,609	22,573	35,662	43,024	50,753	56,505	57,733	58,947
Poverty rate of all persons	13.0%	13.5%	11.3%	12.6%	15.1%	13.5%	12.7%	12.3%
White population ¹	10.2%	10.7%	9.5%	10.6%	13.0%	11.6%	11.0%	10.7%
Black ¹	32.5%	31.9%	22.5%	24.9%	27.4%	24.1%	22.0%	21.2%
Asian ¹	na	12.2%	9.9%	11.1%	12.2%	11.4%	10.1%	10.0%
Hispanic	25.7%	28.1%	21.5%	21.8%	26.5%	21.4%	19.4%	18.3%
Crime								
Total arrests (in thousands) ⁶	10,458	14,217	13,986	14,098	13,122	10,798	10,663	10,555
White	74.0%	69.8%	68.9%	70.0%	69.5%	69.7%	69.6%	68.9%
Black/African American	24.2%	28.3%	28.8%	27.5%	27.9%	26.6%	26.9%	27.2%
American Indian/Alaska Native	1.2%	1.1%	1.3%	1.3%	1.4%	2.1%	2.0%	2.4%
Asian/Pacific Islander	0.6%	0.8%	1.1%	1.1%	1.2%	1.5%	1.5%	1.5%
Total sentenced prisoners (in thousands) ⁷	330	774	1,394	1,526	1,614	1,527	1,507	na
White (non-Hispanic) ⁸	na	na	35.6%	34.6%	31.2%	30.5%	30.2%	na
Black (non-Hispanic) ⁸	na	na	46.2%	39.5%	36.9%	33.8%	33.4%	na
Hispanic	na	na	16.4%	20.2%	22.3%	22.6%	23.3%	na
High school dropout rate ²	14.1%	12.1%	10.9%	9.4%	7.4%	5.9%	6.1%	na
White	11.4%	9.0%	6.9%	6.0%	5.1%	4.6%	5.2%	na
Black	19.1%	13.2%	13.1%	10.4%	8.0%	6.5%	6.2%	na
Hispanic	35.2%	32.4%	27.8%	22.4%	15.1%	9.2%	8.6%	na
College graduation rate (at 4 year institutions, within 6 years after start) ³								
White	na	na	na	na	61.1%	63.2%	63.3%	na
Black	na	na	na	na	39.5%	40.9%	39.5%	na
Hispanic	na	na	na	na	49.1%	53.5%	53.6%	na
Civil rights violations								
Equal employment charges	na	na	79,896	75,428	99,922	89,385	91,503	84,254
By race	na	na	28,945	26,740	35,890	31,027	32,309	28,528
By ethnicity/national origin	na	na	7,792	8,035	11,304	9,438	9,840	8,299
By color	na	na	1,290	1,069	2,780	2,833	3,102	3,240
Hate crimes ⁴	na	na	5,248	4,863	3,982	3,310	3,489	4,131
Employment (as % of working-age population) ⁵								
White	60.0%	63.7%	64.9%	63.4%	59.4%	59.9%	60.2%	60.4%
Black	52.3%	56.7%	60.9%	57.7%	52.3%	55.7%	56.4%	57.6%
Asian	na	na	64.8%	63.4%	59.9%	60.4%	60.9%	61.5%
Hispanic	57.6%	61.9%	65.7%	64.0%	59.0%	61.6%	62.0%	62.7%
% of births to mothers under 18 (by race of mother)								
White	na	3.6%	3.5%	2.9%	2.5%	na	na	na
Black/African American	na	10.1%	7.8%	6.2%	4.9%	na	na	na
Asian/Pacific Islander	na	2.1%	1.5%	1.0%	0.7%	na	na	na
Hispanic/Latina (of any race)	Na	6.6%	6.3%	5.3%	4.7%	na	na	na
Life expectancy at birth	73.7	75.4	76.8	77.6	78.7	78.7	78.6	na
White	74.4	76.1	77.4	78.3	78.9	78.9	na	na
Black	68.1	69.1	71.7	73.2	75.1	75.5	na	na
Hispanic	na	na	na	na	81.7	82.0	81.8	na
Mortality rate (per 100,000 persons)	878.3	863.8	854.0	828.4	799.5	844.0	849.3	na
White	892.5	888.0	900.2	880.9	861.7	915.9	919.3	na
Black/African American	875.4	871.0	781.1	745.4	682.2	713.4	732.3	na
Asian/Pacific Islander	296.9	283.3	296.6	298.0	301.1	331.7	340.0	na
American Indian/Alaska Native	487.4	402.8	380.8	391.6	365.1	415.4	425.6	na
Hispanic	na	na	303.8	304.9	286.2	317.1	327.6	na
Non-Hispanic	na	na	929.6	915.7	897.6	952.4	958.8	na
Infant (under 1 year old) mortality (per 1,000 births)	na	8.9	6.9	6.9	6.1	5.9	5.9	na
White	na	7.3	5.7	5.7	5.2	4.9	4.9	na
Black/African American	na	16.9	13.5	13.3	11.2	11.0	10.8	na
Asian/Pacific Islander	na	6.6	4.9	4.9	4.3	4.2	4.0	na
Hispanic/Latina (of any race)	na	7.5	5.6	5.6	5.3	5.0	5.0	na

PART I
Item 1

	1980	1990	2000	2005	2010	2015	2016	2017
Number of children in foster care on September 30	na	na	552,000	511,000	404,878	437,328	436,551	442,995
White	na	na	38%	41%	41%	45%	44%	44%
Black	na	na	39%	32%	29%	23%	23%	23%
Hispanic	na	na	15%	18%	21%	20%	21%	21%
Asian	na	na	1%	1%	1%	1%	1%	—%

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

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

¹ Includes mixed races prior to 2002.

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

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

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

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

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

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

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

African-American population

	1980	1990	2000	2005	2010	2015	2016	2017
African-American population (in thousands)	26,683	29,931	34,658	37,962	40,358	42,608	43,059	43,500
% of total population	11.8%	12.0%	12.3%	12.8%	13.0%	13.3%	13.3%	13.4%
Age and sex								
Male	47.3%	47.2%	47.5%	46.5%	47.7%	47.9%	47.9%	47.9%
Female	52.7%	52.8%	52.5%	53.5%	52.3%	52.2%	52.1%	52.1%
<5 years of age	9.2%	9.2%	8.1%	8.4%	7.6%	7.1%	7.1%	7.0%
5 to 14 years	19.5%	17.7%	18.3%	17.2%	15.3%	14.5%	14.3%	14.2%
15 to 24 years	21.6%	17.1%	16.0%	16.4%	16.9%	16.1%	15.7%	15.3%
25 to 34 years	15.9%	18.1%	14.9%	14.0%	14.0%	14.3%	15.2%	15.4%
35 to 44 years	10.2%	14.0%	15.9%	14.7%	13.6%	13.0%	12.9%	12.9%
45 to 54 years	8.6%	8.9%	11.8%	13.3%	14.0%	13.1%	12.9%	12.7%
55 to 64 years	7.2%	6.7%	6.8%	8.0%	9.8%	11.3%	11.4%	11.5%
65+ years	7.8%	8.4%	8.1%	8.1%	8.7%	10.2%	10.6%	10.9%
18+ years	64.5%	68.0%	68.6%	70.6%	71.9%	73.9%	74.1%	74.4%
Median age (years)	24.9	28.3	30.2	na	32.0	33.2	33.4	33.6
Regional								
Northeast	18.3%	18.7%	17.6%	17.0%	16.8%	16.4%	16.3%	16.5%
Midwest	20.1%	19.0%	18.8%	18.4%	17.9%	17.3%	17.2%	17.1%
South	53.0%	52.8%	54.8%	55.9%	56.5%	57.6%	57.8%	57.7%
West	8.5%	9.4%	8.9%	8.7%	8.8%	8.7%	8.7%	8.7%
Educational attainment								
Population 25 years and over (in thousands)	na	15,761	19,858	21,203	22,969	25,420	25,976	26,455
Less than high school graduate	na	32.9%	27.7%	18.9%	18.4%	16.1%	16.1%	15.8%
High school graduate	na	29.7%	29.8%	37.2%	32.6%	31.0%	30.3%	29.8%
Some college or associate's degree	na	25.3%	28.2%	26.4%	29.2%	30.4%	30.3%	30.4%
Bachelor's degree	na	8.0%	9.5%	12.4%	10.4%	14.3%	14.8%	15.1%
Graduate or professional degree	na	4.1%	4.8%	5.1%	8.9%	8.2%	8.5%	8.8%
Income								
Number of households (in thousands)	8,847	10,671	13,174	14,002	15,265	16,539	16,733	16,997
Earning <\$15,000 annually	27.0%	26.7%	19.0%	21.6%	23.9%	21.7%	20.6%	19.9%
\$15,000 to \$24,999	17.2%	14.5%	12.9%	14.7%	14.0%	14.2%	13.2%	12.7%
\$25,000 to \$34,999	13.0%	10.9%	12.7%	11.2%	12.4%	11.9%	11.6%	11.6%
\$35,000 to \$49,999	14.6%	14.4%	14.6%	15.0%	14.3%	13.6%	14.2%	14.1%
\$50,000 to \$74,999	15.6%	16.5%	17.7%	15.9%	15.0%	15.9%	16.1%	15.7%
\$75,000 or more	12.7%	16.9%	23.0%	21.6%	20.4%	22.8%	24.4%	25.9%
Employment								
Population 16 years and over (in thousands)	25,361	27,828	28,367	28,810	29,475	31,505	31,798	32,279
In labor force	65.7%	62.8%	64.3%	63.2%	62.2%	62.0%	62.3%	62.5%
Civilian labor force	65.3%	62.3%	63.6%	62.5%	61.7%	61.6%	61.9%	62.1%
Employed	56.7%	54.8%	56.2%	52.4%	50.6%	54.6%	55.6%	56.2%
Unemployed	8.7%	7.5%	7.4%	10.1%	11.1%	7.0%	6.3%	5.9%
Armed Forces	0.4%	0.5%	0.7%	0.7%	0.5%	0.5%	0.5%	0.4%
Not in labor force	34.3%	37.2%	35.7%	36.8%	37.8%	38.0%	37.7%	37.5%

† Source: US Census Bureau.

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

Hispanic population

	1980	1990	2000	2005	2010	2015	2016	2017
Hispanic population (in thousands)	14,609	21,900	35,306	43,024	50,573	56,505	57,733	58,947
% of total population	6.4%	8.8%	12.5%	14.6%	16.4%	17.6%	17.9%	18.1%
Age and sex								
Male	49.8%	50.8%	51.4%	51.3%	50.8%	50.6%	50.5%	50.5%
Female	50.2%	49.2%	48.6%	48.7%	49.2%	49.5%	49.5%	49.5%
<5 years of age	11.4%	10.6%	10.5%	10.7%	10.1%	9.1%	9.0%	8.8%
5 to 14 years	20.6%	19.0%	19.2%	18.6%	18.5%	18.0%	17.9%	17.7%
15 to 24 years	21.9%	19.1%	18.6%	16.9%	17.5%	16.8%	16.7%	16.5%
25 to 34 years	17.1%	20.0%	18.4%	18.3%	16.7%	15.9%	15.8%	15.8%
35 to 44 years	10.7%	13.3%	14.5%	14.9%	14.5%	14.4%	14.4%	14.4%
45 to 54 years	8.1%	7.8%	8.9%	9.9%	10.8%	11.6%	11.6%	11.7%
55 to 64 years	5.3%	5.3%	4.8%	5.5%	6.4%	7.6%	7.8%	8.0%
65+ years	4.9%	4.8%	4.9%	5.2%	5.5%	6.7%	6.9%	7.1%
18+ years	61.5%	65.1%	65.0%	65.8%	66.1%	67.9%	68.1%	68.5%
Median age (years)	23.2	25.6	25.8	na	27.3	28.8	29.0	29.3
Regional								
Northeast	17.8%	16.6%	14.9%	13.9%	13.9%	14.0%	14.0%	14.0%
Midwest	8.7%	7.6%	8.8%	9.0%	9.2%	9.2%	9.1%	9.1%
South	30.6%	30.4%	32.8%	34.2%	36.1%	36.9%	37.2%	37.4%
West	42.8%	45.4%	43.5%	42.8%	40.8%	39.9%	39.7%	39.4%
Educational attainment								
Population 25 years and over (in thousands)	na	11,227	18,270	22,551	26,375	31,020	32,019	32,660
Less than high school graduate	na	50.2%	47.6%	41.5%	39.4%	36.5%	34.8%	32.6%
High school graduate	na	21.6%	22.1%	27.6%	27.4%	26.7%	27.3%	27.9%
Some college or associate's degree	na	19.1%	19.9%	18.9%	19.3%	21.3%	21.5%	22.6%
Bachelor's degree	na	5.9%	6.7%	8.4%	10.1%	10.8%	11.1%	12.2%
Graduate or professional degree	na	3.3%	3.8%	3.5%	3.8%	4.7%	5.3%	5.1%
Income								
Number of households (in thousands)	3,906	6,220	10,034	12,519	14,435	16,667	16,915	17,318
Earning <\$15,000 annually	17.5%	17.3%	12.3%	13.9%	15.8%	13.6%	12.6%	12.0%
\$15,000 to \$24,999	15.6%	15.5%	13.4%	13.7%	13.9%	13.0%	11.7%	11.1%
\$25,000 to \$34,999	13.6%	12.0%	12.1%	12.1%	14.1%	12.7%	11.2%	11.3%
\$35,000 to \$49,999	17.8%	16.9%	16.7%	17.3%	14.8%	15.1%	16.2%	15.0%
\$50,000 to \$74,999	18.8%	19.0%	19.5%	18.7%	17.6%	18.1%	17.9%	18.1%
\$75,000 or more	16.6%	19.4%	25.8%	24.2%	23.8%	27.4%	30.4%	32.4%
Employment								
Population 16 years and over (in thousands)	28,858	31,561	32,402	33,252	35,347	40,267	41,019	42,275
In labor force	68.3%	67.8%	69.4%	68.9%	67.8%	67.0%	67.3%	67.4%
Civilian labor force	68.0%	67.4%	69.0%	68.4%	67.4%	66.6%	66.9%	67.0%
Employed	62.2%	62.5%	63.8%	60.3%	58.7%	61.7%	62.4%	63.0%
Unemployed	5.9%	4.9%	5.2%	8.1%	8.7%	4.9%	4.5%	4.1%
Armed Forces	0.2%	0.3%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%
Not in labor force	31.7%	32.2%	30.6%	31.1%	32.2%	33.0%	32.7%	32.6%

† Source: US Census Bureau.

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

Demographics of native-born and foreign-born population

Native-born population

	2000	2005	2010	2012	2013	2014	2015	2016	2017
Total population (in thousands) ¹	281,422	288,378	309,350	313,914	316,129	318,857	321,419	323,128	325,719
Native-born	250,314	252,688	269,394	273,089	274,781	276,465	278,128	279,388	281,193
Foreign-born	31,108	35,690	39,956	40,825	41,348	42,392	43,290	43,739	44,526
Foreign-born; naturalized	12,543	14,968	17,476	18,686	19,295	19,985	20,697	21,238	21,949
Foreign-born; not a US citizen	18,565	20,722	22,480	22,138	22,053	22,407	22,593	22,501	22,577
Native-born demographics (in thousands) ¹	250,314	252,688	269,394	273,089	274,781	276,465	278,128	279,388	281,193
White	na	78.6%	78.0%	77.8%	77.6%	77.3%	77.2%	76.8%	76.5%
Black/African American	na	12.8%	13.2%	13.2%	13.2%	13.3%	13.2%	13.2%	13.2%
Asian	na	1.6%	1.8%	1.9%	2.0%	2.0%	2.1%	2.1%	2.2%
Hispanic	na	9.9%	11.9%	12.5%	12.7%	13.0%	13.3%	13.5%	13.9%
Non-Hispanic, White only	na	73.3%	70.3%	69.4%	69.0%	68.6%	68.2%	67.9%	67.3%
Median age (years)	na	35.7	35.9	35.9	35.9	35.9	36.0	36.1	36.2
Educational attainment									
Population 25 years and over (in thousands)	na	159,699	170,663	173,677	175,210	176,980	178,726	180,299	182,305
Less than high school graduate	na	12.7%	11.0%	10.2%	10.0%	9.6%	9.4%	9.1%	8.7%
High school graduate	na	30.8%	29.7%	29.2%	28.9%	28.8%	28.6%	28.2%	28.1%
Some college or associate's degree	na	29.2%	30.9%	31.3%	31.2%	31.2%	31.1%	31.2%	31.0%
Bachelor's degree	na	17.5%	18.1%	18.6%	18.9%	19.1%	19.4%	19.8%	20.1%
Graduate or professional degree	na	9.8%	10.3%	10.8%	11.1%	11.3%	11.4%	11.8%	12.1%
Employment									
Population 16+ years and over (in thousands)	na	na	206,115	209,777	211,438	213,149	214,802	216,181	218,066
In labor force	na	na	63.8%	63.3%	63.0%	62.7%	62.6%	62.6%	62.7%
Civilian labor force	na	na	63.3%	62.8%	62.6%	62.3%	62.1%	62.1%	62.2%
Employed	na	na	56.3%	56.8%	57.2%	57.7%	58.1%	58.5%	58.8%
Unemployed	na	na	6.9%	6.0%	5.4%	4.6%	4.0%	3.7%	3.4%
Armed Forces	na	na	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%
Not in labor force	na	na	36.2%	36.7%	37.0%	37.3%	37.4%	37.4%	37.3%
Total civilian employed (in thousands)	na	115,788	116,126	119,223	120,899	122,971	124,810	126,379	128,284
Management and professional	na	35.3%	37.4%	37.4%	37.7%	38.2%	38.4%	38.8%	39.4%
Service occupations	na	15.2%	16.6%	17.0%	17.0%	16.9%	16.7%	16.8%	16.7%
Sales and office	na	27.3%	26.4%	25.9%	25.6%	25.1%	25.0%	24.7%	24.3%
Natural resources, construction, maintenance	na	9.9%	8.4%	8.3%	8.1%	8.1%	8.2%	8.0%	8.0%
Production, transportation and moving	na	12.4%	11.2%	11.5%	11.6%	11.7%	11.8%	11.6%	11.6%
Annual earnings									
Population 16+ years with earnings (in thousands)	na	77,501	80,425	83,181	84,239	85,945	87,849	89,331	91,392
Earning <\$15,000 annually	na	6.9%	5.9%	5.7%	5.5%	5.3%	5.1%	3.1%	4.4%
\$15,000 to \$24,999	na	16.4%	13.9%	13.4%	13.2%	13.0%	12.8%	12.1%	11.5%
\$25,000 to \$34,999	na	19.3%	17.0%	16.5%	16.3%	16.1%	15.8%	15.5%	15.2%
\$35,000 to \$49,999	na	22.2%	21.6%	21.0%	20.9%	20.7%	20.6%	20.4%	20.2%
\$50,000 to \$74,999	na	19.6%	21.8%	22.0%	22.0%	22.0%	22.3%	22.6%	23.1%
\$75,000 or more	na	15.6%	19.8%	21.4%	22.1%	22.8%	23.5%	24.5%	25.6%

[†] Source: US Census Bureau.

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

¹ 2005-2017 data is sourced from the American Community Survey and therefore total population may differ from other tables; 2000 data is sourced from decennial census survey.

Foreign-born population

	2000	2005	2010	2012	2013	2014	2015	2016	2017
Total population (in thousands) ¹	281,422	288,378	309,350	313,914	316,129	318,857	321,419	323,128	325,719
Native-born	250,314	252,688	269,394	273,089	274,781	276,465	278,128	279,388	281,193
Foreign-born	31,108	35,690	39,956	40,825	41,348	42,392	43,290	43,739	44,526
Foreign-born; naturalized	12,543	14,968	17,476	18,686	19,295	19,985	20,697	21,238	21,949
Foreign-born; not a US citizen	18,565	20,722	22,480	22,138	22,053	22,407	22,593	22,501	22,577
Foreign-born demographics (in thousands) ¹	31,108	35,690	39,956	40,825	41,348	42,392	43,290	43,739	44,526
White	na	46.7%	47.9%	48.2%	48.0%	47.5%	47.0%	46.1%	45.5%
Black/African American	na	7.6%	8.3%	8.5%	8.6%	8.7%	8.9%	9.0%	9.3%
Asian	na	23.5%	24.5%	25.3%	25.6%	26.2%	26.6%	26.6%	27.1%
Hispanic	na	47.0%	47.1%	46.2%	45.9%	45.7%	45.0%	44.9%	44.3%
Non-Hispanic, White only	na	20.9%	18.8%	18.7%	18.6%	18.1%	18.1%	18.1%	17.9%
Median age (years)	na	39.3	41.4	42.6	43.1	43.5	43.9	44.4	44.8
Educational attainment									
Population 25 years and over (in thousands)	na	29,252	33,626	35,054	35,701	36,746	37,721	38,176	38,945
Less than high school graduate	na	32.4%	31.7%	30.8%	30.3%	29.9%	29.3%	28.8%	27.5%
High school graduate	na	22.8%	22.5%	22.2%	22.4%	22.7%	22.5%	22.4%	22.7%
Some college or associate's degree	na	18.1%	18.8%	19.1%	19.0%	18.9%	18.7%	18.7%	18.8%
Bachelor's degree	na	15.7%	15.9%	16.4%	16.4%	16.5%	17.0%	17.2%	17.6%
Graduate or professional degree	na	11.0%	11.1%	11.6%	11.8%	12.0%	12.4%	12.8%	13.4%
Employment									
Population 16 years and over (in thousands)	na	na	37,718	38,824	39,398	40,440	41,366	41,770	42,498
In labor force	na	na	67.7%	66.9%	66.7%	66.3%	66.0%	66.2%	66.1%
Civilian labor force	na	na	67.6%	66.7%	66.5%	66.1%	65.8%	66.0%	66.0%
Employed	na	na	60.7%	61.0%	61.5%	61.9%	62.2%	62.7%	63.0%
Unemployed	na	na	6.9%	5.7%	5.0%	4.2%	3.6%	3.3%	3.0%
Armed forces	na	na	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Not in labor force	na	na	32.3%	33.1%	33.3%	33.7%	34.0%	33.8%	33.9%
Total civilian employed (in thousands)	na	20,671	22,908	23,699	24,230	25,049	25,724	26,192	26,774
Management and professional	na	27.2%	28.6%	29.5%	29.8%	30.3%	31.0%	31.6%	32.4%
Service occupations	na	22.2%	25.1%	25.1%	25.1%	24.6%	24.0%	24.1%	23.4%
Sales and office	na	18.3%	17.8%	17.3%	17.1%	17.0%	16.9%	16.6%	16.4%
Farming, fishing, and forestry	na	15.3%	13.0%	12.5%	12.9%	12.9%	13.1%	12.9%	12.8%
Production, transportation, and moving	na	16.9%	15.5%	15.5%	15.2%	15.2%	15.0%	14.9%	15.0%
Annual earnings									
Population 16+ years with earnings (in thousands)	na	14,266	16,023	16,807	17,174	17,833	18,499	18,881	19,521
Earning <\$15,000 annually	na	13.4%	10.4%	9.3%	8.8%	8.5%	7.5%	4.8%	5.8%
\$15,000 to \$24,999	na	25.6%	23.4%	22.5%	22.3%	21.4%	20.8%	19.6%	17.9%
\$25,000 to \$34,999	na	18.4%	17.7%	17.5%	17.5%	17.8%	17.7%	18.1%	18.0%
\$35,000 to \$49,999	na	16.6%	17.1%	16.8%	16.8%	17.0%	17.3%	17.4%	18.2%
\$50,000 to \$74,999	na	13.5%	14.7%	15.4%	15.4%	15.7%	15.8%	16.4%	17.1%
\$75,000 or more	na	12.6%	16.7%	18.4%	19.3%	19.7%	20.9%	21.9%	23.0%

[†] Source: US Census Bureau.

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

¹ 2005-2017 data is sourced from the American Community Survey and therefore total population may differ from other tables; 2000 data is sourced from decennial census survey.

Cohorts of our population

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

We rank these economic units, which we call FIUs (family and individual units) by market income to place each in a percentile that shows the unit relative to other units in the population. (There are approximately 147 million family and individual units). After determining each unit's market income percentile relative to all other units, we then place each unit into one of five categories:

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

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

We use these FIU groupings to present certain information because:

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

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

Family structure and income cohorts (2016)

Family and Individual Unit Sub Group/Income %	Average Per Unit			Top Earner by Sex		Race, Ethnicity of Unit Head						Region						
	# of Units (in K)	Persons	Children (Under 18)	Age of Unit Head	% Male	% Female	% White (all ethnicities)	% Black (all ethnicities)	% Asian (all ethnicities)	% Other Race (all ethnicities)	% Hispanic (all races)	% US-Born	% Urban	% Rural	% Northeast	% Midwest	% South	% West
All family and individual units	147,500	2.2	0.5	49.8	56%	44%	79%	14%	6%	2%	15%	84%	82%	18%	17%	21%	38%	23%
Bottom 5% (\$0)	4,815	1.5	0.3	48.5	40%	60%	68%	22%	7%	3%	19%	82%	79%	21%	16%	17%	41%	25%
Bottom 5%-20% (\$0-\$9k)	22,126	1.6	0.3	52.2	44%	56%	73%	19%	5%	2%	15%	85%	79%	21%	16%	20%	41%	23%
Second 20% (\$9k-\$33k)	29,500	1.8	0.4	52.4	47%	53%	78%	16%	4%	2%	17%	85%	80%	20%	16%	21%	40%	23%
Middle 20% (\$33k-\$63k)	29,499	2.1	0.5	48.8	55%	45%	79%	14%	4%	2%	17%	84%	82%	18%	17%	22%	38%	23%
Fourth 20% (\$63k-\$116k)	29,501	2.5	0.6	47.5	64%	36%	81%	12%	6%	2%	14%	84%	84%	16%	18%	22%	36%	24%
Top 2%-20% (\$116k-\$702k)	28,025	2.9	0.7	48.8	70%	30%	83%	7%	8%	1%	9%	85%	88%	12%	20%	21%	34%	24%
Top 1% (\$702k+)	1,475	2.9	0.7	53.1	74%	26%	87%	5%	7%	1%	8%	83%	92%	8%	22%	18%	33%	27%
Married no kids	24,271	2.4	—	50.7	70%	30%	84%	8%	6%	1%	12%	83%	82%	18%	17%	21%	39%	23%
Bottom 5%	185	2.1	—	52.5	61%	39%	77%	11%	11%	2%	20%	69%	81%	19%	17%	16%	47%	20%
Bottom 5%-20%	1,145	2.2	—	53.1	63%	37%	77%	12%	8%	2%	19%	73%	78%	22%	15%	17%	45%	23%
Second 20%	1,655	2.3	—	52.6	68%	32%	81%	10%	8%	2%	21%	76%	78%	22%	14%	17%	45%	24%
Middle 20%	3,186	2.3	—	52.0	67%	33%	83%	10%	5%	2%	17%	81%	77%	23%	14%	20%	43%	23%
Fourth 20%	6,962	2.4	—	49.4	71%	29%	84%	9%	6%	1%	13%	84%	80%	20%	15%	23%	41%	22%
Top 2%-20%	10,199	2.5	—	50.3	72%	28%	85%	7%	7%	1%	8%	87%	86%	14%	20%	22%	35%	22%
Top 1%	575	2.5	—	53.7	70%	30%	89%	4%	6%	1%	8%	85%	92%	8%	25%	18%	35%	23%
Married parents	24,661	4.2	2.0	40.4	77%	23%	81%	9%	9%	2%	21%	75%	84%	16%	17%	21%	37%	26%
Bottom 5%	70	3.9	1.7	37.9	60%	40%	71%	4%	15%	10%	32%	54%	76%	24%	16%	9%	53%	22%
Bottom 5%-20%	719	4.2	2.1	38.5	71%	29%	73%	15%	9%	3%	35%	61%	80%	20%	14%	14%	43%	29%
Second 20%	1,691	4.4	2.1	38.8	79%	21%	82%	9%	7%	2%	41%	55%	80%	20%	15%	14%	40%	31%
Middle 20%	3,959	4.4	2.1	38.7	79%	21%	79%	11%	7%	3%	34%	65%	80%	20%	14%	18%	40%	28%
Fourth 20%	7,771	4.2	2.0	39.7	77%	23%	81%	10%	7%	2%	21%	77%	81%	19%	15%	23%	38%	24%
Top 2%-20%	9,855	4.2	1.9	42.0	75%	25%	82%	6%	10%	1%	11%	81%	89%	11%	19%	22%	34%	25%
Top 1%	445	4.4	2.1	44.8	81%	19%	84%	5%	10%	1%	8%	81%	94%	6%	20%	18%	34%	28%
Single no kids	50,856	1.2	—	40.6	52%	48%	75%	17%	6%	2%	15%	86%	84%	16%	18%	21%	37%	24%
Bottom 5%	2,441	1.1	—	41.6	45%	55%	66%	23%	8%	3%	16%	86%	79%	21%	16%	18%	41%	25%
Bottom 5%-20%	9,915	1.1	—	40.7	49%	51%	71%	20%	6%	3%	14%	86%	81%	19%	16%	20%	39%	25%
Second 20%	12,143	1.2	—	38.3	50%	50%	75%	19%	4%	2%	18%	85%	81%	19%	15%	22%	39%	23%
Middle 20%	12,550	1.2	—	39.7	53%	47%	77%	16%	4%	2%	15%	87%	85%	15%	18%	23%	37%	22%
Fourth 20%	8,817	1.3	—	42.1	55%	45%	77%	15%	7%	2%	12%	86%	88%	12%	21%	20%	33%	26%
Top 2%-20%	3,937	1.4	—	44.4	59%	41%	79%	11%	9%	2%	11%	85%	92%	8%	23%	17%	31%	28%
Top 1%	140	1.3	—	43.0	74%	26%	78%	11%	9%	2%	19%	80%	92%	8%	15%	16%	29%	40%
Single parents	14,628	2.9	1.7	35.5	24%	76%	67%	26%	3%	3%	24%	84%	82%	18%	16%	22%	41%	22%
Bottom 5%	921	2.3	1.5	27.9	24%	76%	66%	27%	4%	4%	27%	84%	79%	21%	13%	18%	43%	26%
Bottom 5%-20%	3,125	2.7	1.7	31.4	19%	81%	65%	28%	3%	4%	25%	84%	78%	22%	14%	23%	42%	22%
Second 20%	4,228	2.9	1.7	35.2	18%	82%	66%	28%	2%	4%	28%	83%	81%	19%	15%	21%	42%	22%
Middle 20%	3,739	3.0	1.7	37.4	28%	72%	68%	27%	2%	3%	23%	85%	82%	18%	16%	22%	41%	20%
Fourth 20%	1,825	3.0	1.6	40.4	35%	65%	72%	21%	5%	2%	20%	84%	88%	12%	19%	23%	34%	25%
Top 2%-20%	578	3.1	1.5	42.3	38%	62%	72%	20%	7%	2%	16%	81%	92%	8%	21%	20%	33%	27%
Top 1%	15	2.5	1.4	42.8	45%	55%	54%	30%	5%	11%	3%	78%	92%	8%	21%	8%	47%	24%
Elderly (age 65+)	33,085	1.7	—	72.7	51%	49%	85%	10%	4%	1%	7%	89%	79%	21%	19%	22%	37%	22%
Bottom 5%	1,197	1.3	—	73.5	39%	61%	73%	19%	6%	2%	18%	77%	78%	22%	18%	18%	38%	26%
Bottom 5%-20%	7,222	1.4	—	74.4	41%	59%	79%	15%	4%	2%	10%	87%	77%	23%	18%	20%	42%	21%
Second 20%	9,783	1.5	—	74.0	48%	52%	86%	10%	3%	1%	6%	91%	77%	23%	19%	23%	38%	20%
Middle 20%	6,066	1.8	—	72.7	54%	46%	88%	8%	3%	1%	6%	91%	78%	22%	19%	23%	35%	22%
Fourth 20%	4,126	2.0	0.1	70.6	58%	42%	87%	8%	4%	1%	7%	89%	81%	19%	19%	23%	33%	25%
Top 2%-20%	3,456	2.1	0.1	69.6	65%	35%	90%	5%	5%	1%	5%	89%	86%	14%	20%	22%	34%	25%
Top 1%	300	2.1	0.1	68.3	75%	25%	91%	3%	4%	2%	5%	87%	92%	8%	25%	19%	29%	28%

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

Marital status and age

In the US, among the non-elderly, marriage tends to be correlated with higher family incomes. In 2016:

- Among married couples with children, the largest fraction (42%) is in the top 20% by income, meaning they earn at least \$116,000 per year.
- Among married couples without children, the figure is similar – 44% are in the top 20% income group.
- By contrast, among single parents, a plurality, or 29%, is in the second 20% income group, where incomes range from \$9,000 to \$33,000 a year, and only 4% are in the top 20% income group.

- Single people without children do slightly better, where the three bottom income cohorts each comprise 24% or 25% of the overall group.

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

Among the elderly, a plurality, or 30%, is in the income cohort second from the bottom, where incomes range from \$9,000 to \$33,000. For reference, in 2016, the federal poverty level was \$11,880 for an individual and \$4,140 for each additional person.

Race and ethnicity

White people make up 79% of all family and individual units (FIUs) but just 67% of single-parent FIUs. Asian people are also underrepresented among single-parent FIUs, accounting for 6% of all FIUs and 3% of single-parent FIUs. However, black people represent 14% of all FIUs and 26% of single-parent FIUs. For people of Hispanic ethnicity: they make up 15% of all FIUs and 24% of single-parent FIUs.

Black people, who make up 14% of all FIUs, account for 20% of the lowest income quintile (earning less than \$9,000 a year). At higher income levels, black representation diminishes. The opposite is true among white people: they make up 79% of all FIUs but 72% of the poorest FIUs and 87% of the wealthiest 1%. People of Hispanic ethnicity, who account for 15% of all FIUs, are fairly evenly divided among income groups, with the heaviest representation in the middle quintiles (earning \$33,000 to \$116,000 a year).

Sex

Women make up 44% of the main earners in all FIUs but 57% of those in the lowest income group. Women are the main earners in just 30% of Units in the top 20% by income, who earn over \$116,000 a year.

Geography

Southerners make up 38% of all FIUs and 41% of the poorest FIUs. The opposite is true for Northeasterners, who make up 17% of all FIUs and 22% of the top 1% by income. As incomes rise, Americans are more likely to live in urban areas.

Officers

Federal

The federal government's key officers as of March 1, 2019 were as follows:

Name	Age	Position with our Government
Donald Trump	72	President
Mike Pence	59	Vice President
Nancy Pelosi	78	Speaker of the House
Steny Hoyer	79	House Majority Leader
Kevin McCarthy	54	House Minority Leader
Mitch McConnell	77	Senate Majority Leader
Charles Schumer	68	Senate Minority Leader
John Roberts	64	Chief Justice

President

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

Mr. Trump is the 45th President. Born and raised in Queens, New York, Mr. Trump received an economics degree from the Wharton School of Finance at the University of Pennsylvania. After graduating from Wharton, Mr. Trump followed in his

father's footsteps as a real estate developer, building, renovating, and managing numerous office towers, hotels, casinos, golf courses, and other properties. In a departure from his real estate acquisitions, Mr. Trump and the NBC Television Network (NBC) were partners in the ownership and broadcast rights for the Miss Universe, Miss USA, and Miss Teen USA Pageants. By January of 2004, Mr. Trump had joined forces with Mark Burnett Productions and NBC to produce and star in the television reality show, *The Apprentice*. In 2005, Mr. Trump launched his Donald J. Trump Signature Collection, which included clothing and accessories, and later introduced Trump Home, providing home furnishings and accessories. He also has a line of fragrances, *Success by Trump* and *Empire*. An accomplished author, Mr. Trump has authored over 14 bestsellers. In 2015, Mr. Trump bought out NBC's portion of the Miss Universe Organization and sold it in its entirety to IMG. Mr. Trump announced his candidacy for President on June 16, 2015 and accepted the Republican nomination for President of the United States in July of 2016. As of 2019, *Forbes* listed Mr. Trump as the 715th wealthiest person in the world (259th in the US), with a net worth of \$3.1 billion.

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.

Mr. Pence was born in Columbus, Indiana, on June 7, 1959, one of six children born to Edward and Nancy Pence. Mr. Pence earned his bachelor's degree in history in 1981 from Hanover College. He later attended Indiana University School of Law. After graduating, Mr. Pence practiced law, led the Indiana Policy Review Foundation, and began hosting *The Mike Pence Show*, a syndicated talk radio show and a weekly television public affairs program in Indiana. In 2000, he launched a successful bid for his local congressional seat, entering the United States House of Representatives at the age of 40. The people of East-Central Indiana elected Mr. Pence six times to represent them in Congress, and his colleagues elected him to serve as Chairman of the House Republican Study Committee and House Republican Conference Chairman. In 2013, Mr. Pence became the 50th Governor of Indiana, where he served until 2017 when he became Vice President.

Speaker of the House

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

Mrs. Pelosi is the House Speaker of the US House of Representatives for the 115th Congress having previously served as the House Minority Leader. From 2007 to 2011, Mrs. Pelosi served as Speaker of the House, the first woman to do so in American history. For 31 years, Leader Pelosi has represented San Francisco, California's 12th District, in Congress. She has led House Democrats for 16 years and previously served as House Democratic Whip. Mrs. Pelosi comes from a family tradition of public service. Her late father, Thomas D'Alesandro Jr., served as Mayor of Baltimore for 12 years, after representing the city for five terms in Congress. Her brother, Thomas D'Alesandro III, also served as Mayor of Baltimore. She graduated from Trinity College in Washington, D.C.

House Majority Leader

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

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

House Minority Leader

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

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

Senate Majority Leader

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

Mr. 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.

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

Chief Justice

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

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

State and local²⁹

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

Our state governors as of March 1, 2019 were as follows:

Name	Age	State Represented	Party *	Name	Age	State Represented	Party *
Kay Ivey	74	Alabama	R	Stephen Bullock	52	Montana	D
Mike Dunleavy	57	Alaska	R	John (Pete) Ricketts	54	Nebraska	R
Douglas Ducey	54	Arizona	R	Steve Sisolak	65	Nevada	D
Asa Hutchinson	68	Arkansas	R	Chris Sununu	44	New Hampshire	R
Gavin Newsom	51	California	D	Phil Murphy	61	New Jersey	D
Jared Polis	43	Colorado	D	Michelle Lujan Grisham	59	New Mexico	D
Ned Lamont	65	Connecticut	D	Andrew Cuomo	61	New York	D
John Carney	62	Delaware	D	Roy Cooper	61	North Carolina	D
Ron DeSantis	40	Florida	R	Doug Burgum	62	North Dakota	R
Brian Kemp	55	Georgia	R	Richard (Mike) DeWine	72	Ohio	R
David Ige	62	Hawaii	D	John (Kevin) Stitt	46	Oklahoma	R
Brad Little	65	Idaho	R	Kate Brown	58	Oregon	D
Jay (J.B.) Pritzker	54	Illinois	D	Thomas Wolf	70	Pennsylvania	D
Eric Holcomb	50	Indiana	R	Gina Raimondo	47	Rhode Island	D
Kim Reynolds	59	Iowa	R	Henry McMaster	71	South Carolina	R
Laura Kelly	69	Kansas	D	Kristi Noem	47	South Dakota	R
Matt Bevin	52	Kentucky	R	Bill Lee	59	Tennessee	R
John Bel Edwards	52	Louisiana	D	Gregory Abbott	61	Texas	R
Janet Mills	71	Maine	D	Gary Herbert	71	Utah	R
Larry Hogan	62	Maryland	R	Phil Scott	60	Vermont	R
Charles Baker, Jr.	62	Massachusetts	R	Ralph Northam	59	Virginia	D
Gretchen Whitmer	47	Michigan	D	Jay Inslee	68	Washington	D
Tim Walz	54	Minnesota	D	Jim Justice	67	West Virginia	R
Dewey (Phil) Bryant	64	Mississippi	R	Tony Evers	67	Wisconsin	D
Michael Parson	63	Missouri	R	Mark Gordon	61	Wyoming	R

Our other territory leaders as of March 1, 2019 were as follows:

Name	Age	Area Represented	Party *	* Party Affiliation Key	
Lolo Moliga	70	American Samoa	I	D	Democrat
Muriel Bowser	46	District of Columbia	D	I	Independent
Lou Leon Guerrero	68	Guam	D	R	Republican
Ralph Torres	39	Northern Mariana Islands	R	PNP	New Progressive Party of Puerto Rico
Ricardo Rossello	39	Puerto Rico	PNP		
Albert Bryan	51	US Virgin Islands	D		

Employees

As of March 31, 2014, the latest data available, there were approximately 23.3 million full and part-time employees of our Government, including:

- 4.0 million federal employees, of whom 8% (excluding armed forces) work part-time;
- 5.3 million state employees, of whom 30% work part-time; and
- 14.0 million local government employees, of whom 24% work part-time.

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

- Education – 47%, of which 70% relate to elementary and secondary education, 29% relate to higher education, and 1% relate to other education;

- Active duty military – 6%;
- Hospitals – 5%; and
- Police – 5%.

Employees by segment and reporting unit (to the extent allocable) were as follows as of March of 2014:

March	2014	State and Local	Federal
All government employees (part-time and full-time)	23,268,273	19,229,318	4,038,955
Establish Justice and Ensure Domestic Tranquility	2,829,345	2,544,106	285,239
Police protection	1,152,051	966,421	185,630
Fire protection	431,792	431,792	—
Corrections	749,868	710,857	39,011
Judicial and legal	495,634	435,036	60,598
Provide for the Common Defense	2,082,300	—	2,082,300
National defense and international relations ¹	743,813	—	743,813
Active duty military ²	1,338,487	—	1,338,487
Promote the General Welfare	4,664,069	3,597,642	1,066,427
Highways	513,941	511,058	2,883
Transit	243,760	243,760	—
Air transportation	94,744	49,681	45,063
Water transport and terminals	18,241	13,748	4,493
Space research and technology	17,736	—	17,736
Public welfare	538,859	529,172	9,687
Housing and community development	124,484	112,257	12,227
Health	631,761	462,631	169,130
Hospitals	1,295,307	1,068,592	226,715
Social insurance administration (state and local) ³	78,155	78,155	—
Solid waste management	113,571	113,571	—
Sewerage	131,624	131,624	—
Water supply	181,667	181,667	—
Electric power	78,458	78,458	—
Gas supply	11,285	11,285	—
Postal service	578,493	—	578,493
State liquor stores	11,983	11,983	—
Secure the Blessings of Liberty to Ourselves and Our Posterity	12,028,590	11,757,087	271,503
Education	10,981,492	10,972,118	9,374
Libraries	188,463	185,083	3,380
Parks and Recreation	434,561	410,207	24,354
Social Insurance Administration (federal) ³	62,708	—	62,708
Natural Resources	361,366	189,679	171,687
General Government and Other	1,663,969	1,330,483	333,486
Financial administration	545,394	428,243	117,151
Other government administration	435,625	411,490	24,135
All other and unallocable	682,950	490,750	192,200

[†] Sources: US Census Bureau, Bureau of Economic Analysis

^{††} We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "[More detail](#)" to access it.

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

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

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

For 2018, approximately 37% of government employees were represented by unions, including approximately 30% of federal government employees, 32% of state government employees, and 43% of local government employees.³⁰

Talented employees are critical to the success of our Government, and the market for talented employees is competitive. The Government Accountability Office has found that mission-critical skills gaps within the federal workforce pose a high risk to the nation. Regardless of whether the shortfalls are in such government-wide occupations as cybersecurity and acquisitions, or in agency-specific occupations such as nurses at the Veterans Health Administration (VHA), skills gaps impede the federal government from cost-effectively serving the public and achieving results. Agencies can have skills gaps for different reasons: they may have an insufficient number of people or their people may not have the appropriate skills or abilities to accomplish mission-critical work. Moreover, current budget and long-term fiscal pressures, the changing nature of federal work, and a potential wave of employee retirements that could produce gaps in leadership and institutional knowledge, threaten to aggravate the problems created by existing skills gaps. Indeed, the government's capacity to address complex challenges such as disaster response, national and homeland security, and rapidly-evolving technology and privacy security issues requires a skilled federal workforce able to work seamlessly with other agencies, with other levels of government, and across sectors.³¹

Available information

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

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

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