# 10-K REPORT

PUBLISHED 2026

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

# UNITED STATES GOVERNMENTS

PREPARED BY

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As of September 30, 2023, the aggregate value of debt securities issued by the federal, state, and local governments of the United States combined and held by the public was $27.8 trillion.

# United States Governments

# 10-K Report

## For the Fiscal Year Ended September 30, 2023

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# Part I

## About This Report

## Purpose

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

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

## Structure and content

### Overall structure and content

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

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

In this report, you will find:

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

We have excluded certain sections of Form 10-K that are not obviously applicable to our Government. We have also excluded certain financial statements normally found in a Form 10-K. See *Exhibit 99.08* for a discussion of this excluded content.

### Timeliness of data

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

Part II of this report generally includes information through September 30, 2023, which marks the end of the latest fiscal year for which aggregated state and local income statement data is available. More recent federal data is available, but to provide a consolidated picture of our Government as a whole, we generally limit the financial data we present to the latest period for which state, local, and federal data is available. We acknowledge that this information is not timely. We do, however, believe that there is value in looking at a longer time series of data, as we have presented in this report and on our website, and that the longer-term trends noted in our analyses likely did not change materially between fiscal years 2022 and 2024. We will continue to search for more current data and explore ways that we might aggregate it ourselves to provide more timely information.

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

This year's report is subject to additional data availability challenges. Certain key IRS and population data releases were delayed, and with the change from the Biden Administration to the Trump Administration in 2025, we are finding that certain of our data sources are no longer available.

# 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 340 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

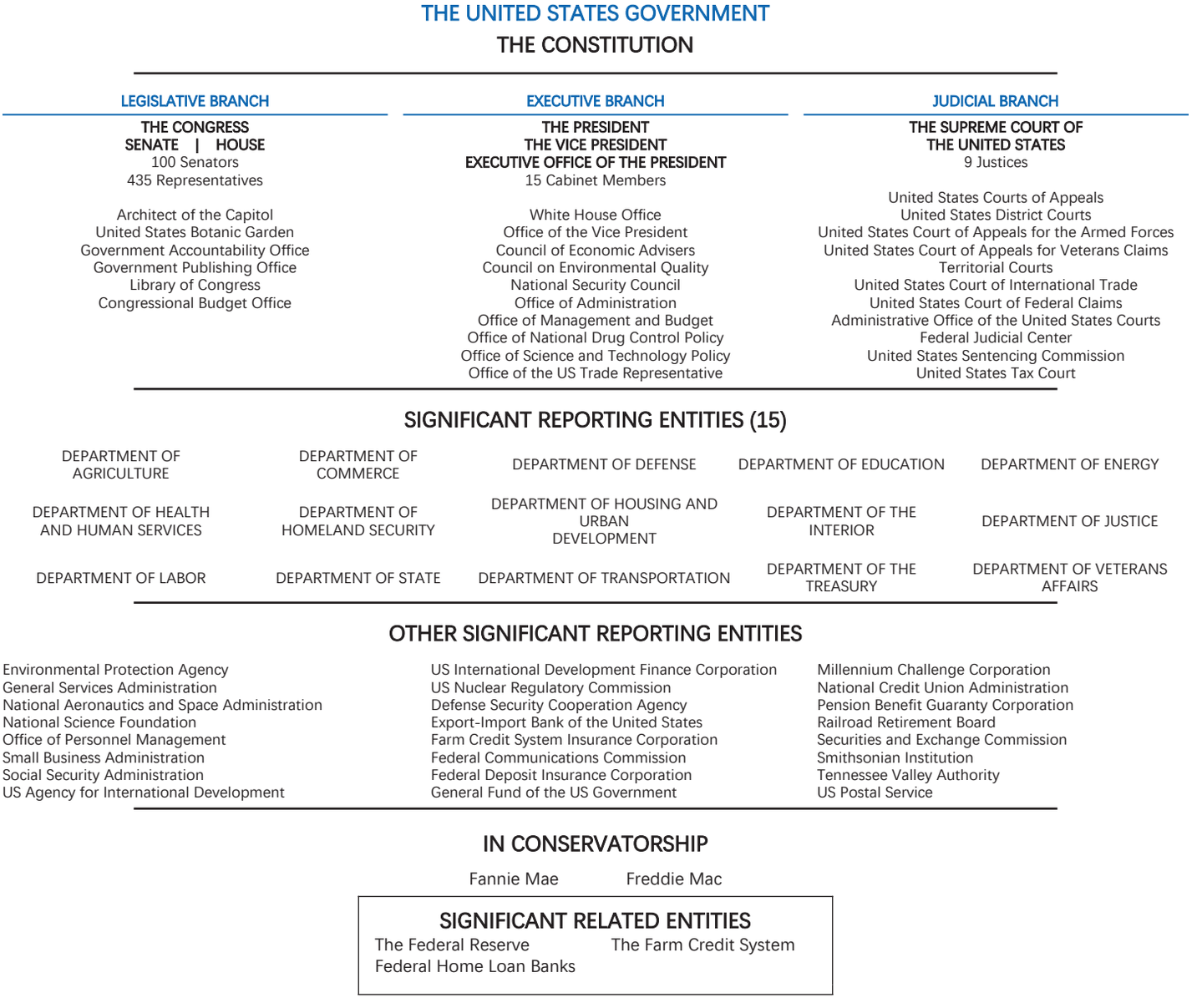
The legislative branch enacts legislation, confirms or rejects presidential appointments, and has the authority to declare war. This branch comprises Congress (the Senate and House of Representatives) and several agencies that provide support services to Congress.

#### 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.




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

## State government structure[1]

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

### Legislative

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

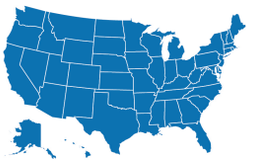
Every state except one has a bicameral legislature made up of two chambers: a smaller upper house and a larger lower house. Together the two chambers make state laws and fulfill other governing responsibilities. The smaller upper chamber is always called the Senate, and its members generally serve longer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

### Executive

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

### Judicial

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



**STATE GOVERNMENTS (50)**

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

## Local government structure[2]

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

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

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

**LOCAL GOVERNMENTS (91,438)**

| GENERAL PURPOSE GOVERNMENTS (38,704) | SPECIAL DISTRICT GOVERNMENTS (52,734) | |
|---|---|---|
| **County (3,031)** | **Independent School Districts (12,535)** | |
| **Municipality (19,489)** | **Other Special Districts (40,199)** | |
| **Township (16,184)** | Air transportation | Libraries |
| | Cemeteries | Mortgage credit |
| | Corrections | Natural resources |
| | Electric power | Parking facilities |
| | Fire protection | Parks and recreation |
| | Gas supply | Sea and inland port facilities |
| | Health | Sewerage |
| | Highways | Solid waste management |
| | Hospitals | Transit |
| | Housing and community development | Water supply |
| | Industrial development | |

## Insular area government structure

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

## American Indian tribal government structure

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

# Government operations

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

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

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

# Federal government authority to raise money

## Tax revenue[3]

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

### Federal individual income tax

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

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

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) became law. Effective January 1, 2018, the TCJA reduced the top individual income tax rate from 39.6% to 37%, changed the income tax brackets associated with each tax rate, increased the child tax credit, and provided for a 20% deduction of qualified business income and certain dividends for individuals. Certain provisions of the TCJA, including these, were set to expire December 31, 2025, but were made permanent through the One Big Beautiful Bill Act (OBBBA), which was signed into law on July 4, 2025.

### Federal corporate income tax

The federal corporate income tax is levied on the net incomes of C-corporations (corporations recognized as separate taxpaying entities). C-corporations are allowed deductions for normal business expenditures that are typical of accounting for net income as well as some special provisions inserted by Congress. The federal statutory corporate income tax rate in the US was 35% until January 1, 2018. For companies headquartered in the US that earn income from overseas sources, such income was taxed only when repatriated back to the US. Effective January 1, 2018, the TCJA reduces the federal statutory income tax rate from 35% to 21%. The TCJA also requires foreign income of US businesses to be taxed at 21% but provided 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 were brought to the US. This one-time inclusion was triggered in 2017 and did not recur; however, taxpayers could elect to pay the resulting liability over an eight-year installment period, which extended through 2025 for some taxpayers.

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.

In December 2021, the Organization for Economic Co-operation and Development issued the Global Anti-Base Erosion Model Rules (Pillar Two), which generally provides for large multinational organizations to have a minimum effective corporate tax rate of 15% in each jurisdiction in which they operate. While it is uncertain whether the US will enact legislation to adopt Pillar Two, certain countries have introduced legislation to implement the minimum tax directive. If

enacted by the US, it could have several implications for federal corporate income tax, including changes in the amounts of tax revenues from multinational corporations and how domestic tax policy is structured.[4]

### 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 2026, the payroll tax cap was $184,500 per employee. In the case of self-employed individuals, a tax equal to the employee plus the employer portion (12.4%) is levied.

#### Medicare tax revenues

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

#### Unemployment tax revenues

Together with state unemployment tax systems, the *Federal Unemployment Tax Act* (FUTA) tax provides funds to pay unemployment compensation to workers who have lost their jobs. Only employers pay a FUTA tax, and most pay both a federal and a state unemployment tax. Generally, employers can take a credit against FUTA tax amounts they have paid to state unemployment funds. For 2026, 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 pharmaceutical companies and health insurers, as well as penalties related to health insurance mandates on employers and individuals; and
- gift taxes and taxes on the estates of high net-worth individuals after they die.

## Non-tax revenue

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

### Federal Reserve earnings

The residual earnings of each of the 12 Federal Reserve member banks are distributed to the Treasury after providing for the costs of operations, payment of dividends, and transfers to surplus (the amount necessary to equate surplus with capital paid-in, limited to $6,825 million).[5] See additional discussion of the Federal Reserve in *Other related entities / The Federal Reserve* below.

### Sales of government resources

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

## Receipts that offset expenses

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

We have shown all significant offsetting amounts that are known to us in *Note 26 – 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 26 – Offsetting amounts*.

# Federal government authority to spend money

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

## Mandatory spending

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

For mandatory spending programs, unlike discretionary programs which are discussed next, it is important to note that the amount to be spent is unknown at the beginning of the year. For example, the amount that is spent on the Supplemental Nutrition Assistance Program (SNAP) (formerly food stamps) or unemployment insurance (UI) 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 2023, they (including interest on federal debt) accounted for over 70% of outlays, 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 2025, which reports that for tax year 2022: "The highest marginal tax rate used by a state was 12.3% in California. Hawaii had the greatest number of tax brackets at 12. Twelve states imposed a single (flat) tax rate on all taxable income, while one state (Massachusetts) had three flat tax rates (each applied to different sources/amounts of income) and one flat rate on certain other income, which had an optional higher rate, and which was subject to an additional surtax on such income exceeding $1 million."[6] 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 2022 (the most recent year available), it found: "In twenty-eight of the cities in states that levy an income tax, the percentage of income paid in individual income taxes by the family earning $25,000 per year is zero percent (or less than zero due to refundable credits). Notably, residents of Washington, DC would receive a refund of $2,613, making it the lowest income tax burden on a family earning $25,000 per year. The highest income tax burden at this lower income level is $1,716, or 6.9% in Philadelphia, Pennsylvania, and next at $884, or 3.5% in Louisville, Kentucky. At the $250,000 income level, the burden ranges from a low of $2,838, or 1.1% of income in Fargo, North Dakota, to $19,792 or 7.9% in New York City, New York. (New Hampshire and Tennessee income taxes are applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at all income levels used in the study)."[7]

### 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 2022, New Jersey, Minnesota, Illinois, and Alaska, had the highest statutory corporate income tax rates, each at 9% or higher. Only one state, North Carolina, had a statutory corporate income tax rate below 4%. Ohio, Nevada, South Dakota, Texas, Washington, and Wyoming have no corporate income tax. Because major corporations operate across state lines, each must apportion its net income to each state. However, states have different rules as to how companies must apportion their income between states. Generally, there are three factors whose weights differ across states, with weight attributed to a state based on: property held in the state, payroll paid to employees in the state, and sales to customers in the state.

### Property taxes

Local governments levy property taxes on real estate and business property (and in some states, on personal property such as automobiles). There are widely available exemptions that are not available to all homeowners, such as senior citizen exemptions or credits for disabled persons. Nationally, for owner-occupied housing, the typical real estate tax rate paid is approximately 1% of the home value. In 2022, for the largest city in each state as a group, the median effective

residential property tax rate was 1.29%, while the unweighted average rate was 1.42%. These tax rates vary widely by city and state. In 2022, the highest effective residential property tax rate, among the largest cities in each state, was in Detroit, MI at 3.46%, while the lowest was in Honolulu, HI at 0.35%.

### General sales taxes

General sales taxes, or taxes that are applied at a consistent rate to purchases of all non-exempted items, are a key source of revenue for most states and many localities. Arkansas, Alabama, Oklahoma, Louisiana, Colorado, Illinois, Arizona, Kansas, and Washington have the highest combined state and local general sales tax rates, ranging from 12.625% to 10.0%. Hawaii has the lowest rate at 4.5%. Alaska, Delaware, Montana, New Hampshire, and Oregon have no statewide general sales tax. In most states, items such as food and medical products are either exempt from general sales taxes or are taxed at a lower rate. Services such as housing, healthcare, and education are generally exempt. Sales taxes tend to be regressive, meaning that low-income households tend to pay a higher percentage of their income in sales taxes than high-income households. However, because of the exemptions or preferential treatment for many household necessities in most general sales taxes, sales taxes are not as regressive as a broad-based consumption tax. Furthermore, goods and services provided by our Government to low-income households, such as food assistance benefits, are tax exempt.

### Other taxes

State governments levy other taxes including:

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

## Non-tax revenue

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

## State and local government authority to spend money[8]

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

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

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

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

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

## Other related entities

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

### The Federal Reserve[9]

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

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

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

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

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

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

- *Large-scale asset purchases* – during the 2008 financial crisis and during the height of COVID-19 in 2020, the Federal Reserve cut the federal funds rate almost to zero, but longer-term rates remained higher than it wanted. In response, the Federal Reserve started buying trillions of dollars of longer-term Treasury securities and housing debt, pushing down the yields on those securities.
- *Forward guidance* – after each policy meeting, the Federal Reserve issues a statement describing its view of the economy and explaining its current policy stance. These statements may contain language about the outlook for the federal funds rate, which can influence the level of longer-term rates.
- *Quarterly forecasts* – in addition to its policy statements, the Federal Reserve announces policy makers' forecasts for the federal funds rate and the pace of economic growth, inflation, and the unemployment rate. These quarterly forecasts affect investor perceptions of the future path of interest rates.

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

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

## Federal Reserve balance sheets

| (In billions)<br>December 31, | 2022 | 2023 | 2024 |
|---|---|---|---|
| **Assets** | | | |
| Treasury securities | $ 5,056 | $ 4,403 | $ 3,820 |
| Agency- and Government-sponsored enterprise (GSE)-backed securities | 2,293 | 2,120 | 1,869 |
| Debt securities | 7,349 | 6,523 | 5,689 |
| Other assets | 103 | 219 | 90 |
| Total assets | $ 7,452 | $ 6,742 | $ 5,779 |
| **Liabilities and net worth** | | | |
| Depository institution reserves | $ 2,684 | $ 3,135 | $ 2,892 |
| Deposits and currency | 2,932 | 3,252 | 3,231 |
| Security repurchase agreements | 2,890 | 1,391 | 888 |
| Other liabilities | (2) | (117) | (197) |
| Total liabilities | 8,504 | 7,661 | 6,814 |
| Net worth | (1,052) | (919) | (1,035) |
| Total liabilities and net worth | $ 7,452 | $ 6,742 | $ 5,779 |

The Federal Reserve's balance sheet consists mostly of longer-term assets and very short-term liabilities. Typically, longer-term assets have higher yields than short-term liabilities, so net income is positive. But net income has been negative since September 2022 because interest rates rose sharply in 2022. Thus, the interest rate it pays on bank reserves and reverse repos became higher than the yield on securities acquired when interest rates were much lower. The yield on the Federal Reserve's assets will eventually exceed the yield on its liabilities again because short-term interest rates will fall or low-yielding assets on the Federal Reserve's balance sheet will eventually mature and be replaced by higher yielding assets. At that point, net income will become positive again, but projections suggest that may take a few years. Private companies hold capital to prevent losses from causing insolvency. Losses do not affect the Federal Reserve's ability to honor its

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

## Government-sponsored enterprises

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

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

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

### Federal Home Loan Banks[10]

The 11 FHLBanks are federally-chartered but privately capitalized and independently managed. The FHLBanks serve the public by providing a readily available, low-cost source of funds to FHLBank member banks through advances, which in turn loan money to local institutions that lend directly to borrowers. These funds may be used for residential mortgages, community investments, and other services for housing and community development. In addition, some of the banks provide member banks with a means of enhancing liquidity by purchasing home mortgages through mortgage programs developed for their member banks. Member banks can also borrow from an FHLBank to fund low-income housing. As of December 31, 2025, 2024, and 2023, the FHLBanks had outstanding advances of $677 billion, $737 billion, and $810 billion, respectively.

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

The FHLBanks are exempt from all corporate federal, state, and local taxation, except for local real estate tax. However, by regulation, the FHLBanks must annually set aside for the Affordable Housing Program (AHP) the greater of the aggregate

of $100 million or 10% of each individual FHLBank's income subject to assessment. An AHP subsidizes the cost of owner-occupied housing provided that the household's income may not exceed 80% of the area median income, and in the case of rental housing, at least 20% of the units should be occupied by, and affordable for, households whose income does not exceed 50% of the area median income. The subsidy may be in the form of a grant or an advance with a reduced interest rate. AHP funds are primarily available through a competitive application program at each of the FHLBanks. AHP assessments were $632 million, $718 million, and $752 million for the years ended December 31, 2025, 2024, and 2023, respectively. These assessments increased significantly in 2023 due to a combination of significantly higher interest rates combined with a higher average balance of advances.[11]

## Fannie Mae and Freddie Mac

### Fannie Mae[12]

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

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

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

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

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

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

### Freddie Mac[13]

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

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

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

### Conservatorship[14]

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. In March 2025, the FHFA initiated a comprehensive overhaul of the boards of Fannie Mae and Freddie Mac, including the removal of several existing board members and appointment of new members.

## Farm Credit System[15]

Farm Credit is a nationwide network of 70 independent customer-owned lending institutions, providing over $400 billion in loans, leases, and related services to over 600,000 customers. Farm Credit helps rural communities and agriculture grow and thrive by providing reliable, consistent credit and financial services, including loans, leases, and financial services to farmers, ranchers, and rural businesses across the US and in Puerto Rico.

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

### Farmer Mac[16]

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 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, 2025, its total outstanding business volume was $33 billion.

## Major government programs

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

### Social Security

| Fiscal year, except as otherwise noted | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| **Old Age and Survivors Insurance** | | | | | | | | |
| Total benefits paid (in millions, calendar year) | $ 105,074 | $ 222,993 | $ 352,706 | $ 577,448 | $ 952,388 | $ 1,227,389 | $ 1,316,424 | na |
| Number of recipients | 30,631,213 | 35,441,163 | 38,676,621 | 43,621,258 | 55,018,400 | 58,244,815 | 59,851,356 | 62,048,395 |
| Average monthly benefit per recipient | $ 304 | $ 525 | $ 759 | $ 1,107 | $ 1,446 | $ 1,760 | $ 1,838 | $ 1,921 |
| **Disability Insurance** | | | | | | | | |
| Total benefits paid (in millions, calendar year) | $ 15,437 | $ 24,803 | $ 54,938 | $ 124,191 | $ 143,487 | $ 151,845 | $ 154,983 | na |
| Number of recipients | 4,699,942 | 4,225,933 | 6,624,978 | 10,034,403 | 9,731,824 | 8,573,525 | 8,360,087 | 8,146,919 |
| Average monthly benefit per recipient | $ 269 | $ 437 | $ 625 | $ 922 | $ 1,126 | $ 1,350 | $ 1,403 | $ na |
| **Total Social Security** | | | | | | | | |
| Total benefits paid (in millions, calendar year) | $ 120,511 | $ 247,796 | $ 407,644 | $ 701,639 | $ 1,095,875 | $ 1,379,234 | $ 1,471,407 | na |
| Number of recipients | 35,331,155 | 39,667,096 | 45,301,599 | 53,655,661 | 64,750,224 | 66,818,340 | 68,211,443 | 70,195,314 |
| Average monthly benefit per recipient | $ 299 | $ 515 | $ 740 | $ 1,072 | $ 1,398 | $ 1,707 | $ 1,784 | $ 1,866 |

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

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

In 2023, Social Security payments were $1,354 billion or 15% of our Government's aggregate expenditures. Partially offsetting Social Security expenditures (but shown separately as revenue in our income statement), is $1,215 billion of Social Security tax receipts, which comprised 17% of our Government's aggregate revenue.

## Eligibility and enrollment[17]

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 2022: "A total of 32 states…exempted social security income from taxation. Twelve states taxed social security benefits in 2023. Each of these 12 states provided their own taxation treatment, including ten states that completely excluded all benefits for taxpayers with income below certain state-specific thresholds."[6]

### 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 if you were born from 1943 to 1954. The full retirement age increases gradually if you were born from 1955 to 1960 until it reaches 67. For anyone born 1960 or later, full retirement benefits are payable at age 67. Each extra year of work thereafter adds another year of earnings to your Social Security record, increasing your benefits until you start receiving benefits or you reach age 70.

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

Social Security replaces a percentage of a worker's pre-retirement income based on their lifetime earnings. The amount of average wages that Social Security retirement benefits replaces varies depending on one's earnings and when one chooses to start receiving benefits. According to the Social Security Administration, if benefits start at age 67, this

percentage ranges from as much as 78% for very low earners, to about 42% for medium earners, and about 28% for high earners. If benefits start earlier than age 67, these percentages would be lower, and after age 67 they'd be higher.

### Survivor benefits

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

### Children's benefits

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

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

The child must also be any of the following:

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

### Enrollment

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

## Funding and financial condition of the program[18]

### Funding

The Social Security program is funded primarily by a 12.4% payroll tax levied on employers and workers (each pay 6.2%, self-employed individuals pay the entire 12.4%). During the periods discussed in this report, there were two temporary tax rate reductions and a payment deferral. For calendar year 2010, most employers were exempt from paying the employer share of OASDI tax on wages paid to certain qualified individuals hired after February 3. For calendar years 2011 and 2012, the OASDI tax rate was reduced by 2 percentage points for employees and for self-employed workers, resulting in a 4.2% effective tax rate for employees and a 10.4% effective tax rate for self-employed workers. Reductions in tax revenue due to these lower tax rates were made up by transfers from the general fund of the Treasury to the OASI and DI trust funds. Several years later, the *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act) allowed employers to defer the deposit and payment of the employer's share of Social Security taxes, and self-employed individuals to defer payment of certain self-employment taxes. The payroll tax deferral period began on March 27, 2020 and ended on December 31, 2020. Half of the employer's deferred taxes was due on January 3, 2022, and the other half was due on January 3, 2023. Under separate COVID-related relief, employers were allowed to defer payment of employee's Social Security taxes on certain wages. Repayment of the employee's portion of the deferred taxes started January 1, 2021 and continued through December 31, 2021. If the employer did not repay the deferred portions on time, penalties and interest applied to any unpaid balance.

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

| 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|
| $ 25,900 | $ 51,300 | $ 76,200 | $ 106,800 | $ 137,700 | $ 160,200 | $ 168,600 | $ 176,100 | $ 184,500 |

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 2024 (the latest date available), the OASDI trust funds had an aggregate balance of $2.8 trillion.

#### Old-Age and Survivors Insurance and Disability Insurance trust funds

| Fiscal year (In millions) | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| **Total cash income[1]** | **$ 117,439** | **$ 307,921** | **$ 561,321** | **$ 788,061** | **$ 1,103,086** | **$ 1,332,947** | **$ 1,404,364** |
| ɔcial insurance and retirement receipts (payroll taxes) | 113,209 | 281,656 | 480,584 | 631,687 | 965,428 | 1,193,755 | 1,259,882 |
| **Intergovernmental receipts:** | 4,230 | 26,265 | 80,685 | 156,281 | 137,534 | 139,168 | 144,484 |
| Government employer share of employee retirement | 1,204 | 5,567 | 7,637 | 14,936 | 19,134 | 21,679 | 23,299 |
| Interest | 2,340 | 15,991 | 59,796 | 118,502 | 78,804 | 66,507 | 67,420 |
| Other | 686 | 4,707 | 13,252 | 22,843 | 39,596 | 50,982 | 53,765 |
| Other cash income | — | — | 52 | 93 | 124 | 24 | (2) |
| **Total cash outgo[1]** | **$ 118,559** | **$ 249,705** | **$ 409,473** | **$ 706,351** | **$ 1,095,562** | **$ 1,354,565** | **$ 1,460,892** |
| Benefit payments | 115,514 | 243,263 | 402,104 | 695,459 | 1,084,212 | 1,341,569 | 1,447,485 |
| ɣyments to railroad retirement | 1,442 | 3,049 | 3,697 | 4,392 | 4,988 | 5,636 | 5,934 |
| Interest payments | — | 1,082 | — | — | — | — | — |
| Administrative expenses | 1,494 | 2,273 | 3,606 | 6,390 | 6,156 | 7,148 | 7,303 |
| Beneficiary services and other | 109 | 38 | 66 | 110 | 206 | 212 | 170 |
| **Surplus (deficit)** | **$ (1,120)** | **$ 58,216** | **$ 151,848** | **$ 81,710** | **$ 7,524** | **$ (21,618)** | **$ (56,528)** |
| Adjustment to balances | — | — | — | 3 | (71) | 1 | (2) |
| **Fund balance, end of year:** | **$ 32,260** | **$ 214,900** | **$ 1,006,852** | **$ 2,585,484** | **$ 2,908,174** | **$ 2,816,703** | **$ 2,760,173** |
| Invested balance | 31,251 | 215,222 | 1,007,226 | 2,586,333 | 2,908,422 | 2,816,655 | 2,759,980 |
| Uninvested balance | 1,009 | (322) | (374) | (849) | (248) | 48 | 193 |

† *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.*

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

Due to the gradual aging of the population and other factors, the Board of Trustees of OASI and DI Trust Funds projects the OASDI trust funds may become depleted as early as 2032. You can see their projections in *Exhibit 99.05*.

## Medicare[19]

| Fiscal year (In thousands) | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| **Total enrollment by part:[1]** | **28,433** | **34,251** | **39,688** | **47,720** | **62,887** | **66,585** | **67,601** |
| Part A (Hospital Insurance) | 28,002 | 33,747 | 39,257 | 47,365 | 62,544 | 66,220 | 67,216 |
| Part B (Medical Insurance) | 27,278 | 32,567 | 37,335 | 43,882 | 57,320 | 60,800 | 62,034 |
| Part C (Private Insurer-Provided Medicare) | na | 2,017 | 6,856 | 11,693 | 25,075 | 32,161 | 34,114 |
| Part D (Outpatient Prescription Drug Insurance) | na | na | na | 34,772 | 48,697 | 52,884 | 55,222 |

† *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.*

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

1. *Starting in 1983, includes amounts from the US 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%[20] 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 2024, Medicare provided benefits to 68 million Americans, 88% (60 million) of whom were age 65 and older and 12% (8 million) of whom were disabled.

In 2023, Medicare payments (net of premiums of $142 billion) were $995 billion or 11% of our Government's aggregate expenditures. Partially offsetting these expenditures (but shown separately as a payroll tax revenue in our income statement) were $363 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 66 million enrollees as of 2023; 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 61 million enrollees as of 2023; and
  - Part D is the newest addition to the Medicare program (introduced January 1, 2006) and provides subsidies for prescription drugs, with 53 million enrollees as of 2023.

Medicare Part C (aka Medicare Advantage) is a privately-run health insurance option available via Medicare, with 32 million enrollees as of 2023. 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 65$^{th}$ birthday and continues for three months after the month he or she turns 65. One can enroll online at https://www.ssa.gov/, by phone, or by visiting a local Social Security Administration office.

### Part B

Individuals eligible for Medicare Part A at no cost can enroll in Medicare Part B by paying a monthly premium. Some people with higher incomes will pay a higher monthly Part B premium. A person who is not eligible for Part A at no cost, can purchase Part B without having to buy Part A, if the person is 65 or older and is a US citizen or a lawfully admitted

noncitizen who has lived in the US for at least five years. Those who fail to enroll in Part B when they are first eligible may be subject to a penalty if they enroll later. If, however, they are active employees past the age of 65 and are eligible for health insurance that their employer subsidizes, it may not be in their interest to enroll in Parts B or D until they retire.

### Part C (Medicare Advantage)

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

### Part D

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

## Participant costs

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

Most Medicare enrollees do not pay a monthly Part A premium, because they (or a spouse) have had 40 or more 3-month quarters in which they paid *Federal Insurance Contributions Act* taxes. The benefit is the same no matter how much or how little the beneficiary paid as long as the minimum number of quarters is reached. Medicare-eligible persons who do not have 40 or more quarters of Medicare-covered employment (or a spouse who does) may buy into Part A for a monthly premium of (as of 2026):

- $311 per month for those with 30–39 quarters of Medicare-covered employment, or
- $565 per month 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 2026 are $202.90 to $689.90 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 ACA.

- Part B is funded primarily by revenue from the federal government general fund and by premiums paid by Medicare enrollees.
- Part C is funded by the Medicare Trust Funds at a fixed amount per month, plus any additional premiums paid by Part C plan members.
- Part D is financed primarily by revenue from the federal government general fund with small amounts coming from enrollee premiums (13% of funding in 2024) and transfers from states (12% of funding in 2024). In 2007, 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 2024, the HI (Part A) trust fund had a balance of $235 billion and the SMI (Parts B and D) trust fund had a balance of $167 billion, for a combined balance of $350 billion.

| Fiscal year (In millions) | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| **Total cash income** | **$ 35,690** | **$ 125,170** | **$ 248,921** | **$ 505,217** | **$ 839,756** | **$ 1,033,000** | **$ 1,103,854** |
| Social insurance and retirement receipts (payroll taxes) | 23,217 | 68,029 | 135,529 | 180,068 | 291,778 | 357,762 | 386,857 |
| Excise taxes (SMI) | — | — | — | — | 3,167 | 2,797 | 2,789 |
| Intergovernmental receipts: | 9,529 | 45,531 | 91,333 | 250,528 | 400,783 | 495,288 | 535,293 |
| Government employer share for government employee retirement[1] | 249 | 2,153 | 2,630 | 4,042 | 4,719 | 5,322 | 5,692 |
| Interest | 1,477 | 9,370 | 13,630 | 17,602 | 7,535 | 9,753 | 10,089 |
| Federal payment (OASDI taxes) | — | — | 8,787 | 13,760 | 26,941 | 34,968 | 39,794 |
| Federal contributions and other | 7,803 | 34,008 | 66,286 | 215,124 | 361,588 | 445,245 | 479,718 |
| Premium income | 2,944 | 11,607 | 21,907 | 65,307 | 128,506 | 157,342 | 166,684 |
| Other cash income[2] | — | 3 | 152 | 9,314 | 15,522 | 19,811 | 12,231 |
| **Total cash outgo** | **$ 35,034** | **$ 109,709** | **$ 219,022** | **$ 525,640** | **$ 919,434** | **$ 1,024,287** | **$ 1,052,676** |
| Benefit payments | 33,937 | 107,172 | 214,867 | 518,832 | 909,815 | 1,013,248 | 1,041,140 |
| Administrative expenses[3] | 1,080 | 2,298 | 3,042 | 5,279 | 6,915 | 7,839 | 8,033 |
| Other | 17 | 239 | 1,113 | 1,529 | 2,704 | 3,200 | 3,503 |
| **Surplus (deficit)** | **$ 656** | **$ 15,461** | **$ 29,899** | **$ (20,423)** | **$ (79,678)** | **$ 8,713** | **$ 51,178** |
| Adjustment to balances | — | — | — | 22 | 1 | — | — |
| **Fund balance, end of year** | **$ 19,029** | **$ 110,158** | **$ 213,968** | **$ 350,842** | **$ 223,270** | **$ 350,385** | **$ 401,564** |
| Invested balance | 19,214 | 110,535 | 213,934 | 349,203 | 221,212 | 353,899 | 399,372 |
| Uninvested balance | (185) | (377) | 34 | 1,639 | 2,058 | (3,514) | 2,192 |

† *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.*

1. *Starting in 1983, includes amounts from Postal Service.*
2. *For years after 1986, SMI receipts for kidney dialysis. For years after 2004, includes Medicare refunds, which were shown as offsets to cash outgo in years prior to 2005.*
3. *For 1989 and 1990, includes transactions and balances of the HI and SMI Catastrophic Insurance trust funds, which began in 1989 and were abolished in 1990.*

Due to the gradual aging of the population, rising costs of healthcare, and other factors, the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds project the Medicare HI (Part A) trust fund may become depleted as early as 2029. See their projections in *Exhibit 99.06*.

## Medicaid and Children's Health Insurance Program (CHIP)[21]

| Federal fiscal year, except as otherwise noted | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| **Medicaid** | | | | | | | |
| Spending (in billions)[1] | $ 25.2 | $ 72.2 | $ 206.2 | $ 401.5 | $ 682.7 | $ 894.2 | $ 949.0 |
| Average monthly enrollment (in millions)[1] | 19.6 | 22.9 | 34.5 | 54.5 | 75.3 | 98.2 | 88.2 |
| Spending per enrollee [1] (calendar year) | $ 1,285 | $ 3,147 | $ 5,972 | $ 7,361 | $ 9,070 | $ 9,109 | $ 10,760 |
| **Total beneficiaries (in thousands of people)[2]** | **21,605** | **25,255** | **41,212** | **63,730** | **81,316** | **96,883** | **na** |
| Children | 9,333 | 11,220 | 18,528 | 30,024 | 30,126 | 35,081 | na |
| Adults | 4,877 | 6,010 | 8,538 | 15,368 | 30,830 | 40,877 | na |
| Disabled | 2,911 | 3,718 | 6,688 | 9,341 | 8,703 | 8,532 | na |
| Aged | 3,440 | 3,202 | 3,640 | 4,289 | 6,574 | 7,761 | na |
| Unknown | 1,044 | 1,105 | 3,817 | 4,709 | 5,083 | 4,632 | na |
| **Total enrollees (in thousands of people, to the nearest 100,000)[3]** | **19,632** | **22,949** | **34,534** | **54,544** | **72,129** | **91,860** | **na** |
| Children | na | na | 16,100 | 26,400 | 27,085 | 32,816 | na |
| Adults | na | na | 6,900 | 13,100 | 11,635 | 17,282 | na |
| Newly eligible adults | na | na | — | — | 16,841 | 23,876 | na |
| Disabled | na | na | 6,700 | 9,200 | 9,084 | 8,984 | na |
| Aged | na | na | 3,600 | 4,900 | 7,485 | 8,902 | na |
| Territories | na | na | 900 | 1,000 | na | na | na |
| **State fiscal year** | **1980** | **1990** | **2000** | **2010** | **2020** | **2023** | **2024** |
| Medicaid share of state budgets (all federal and state funds)[4] | na | 12.5% | 19.1% | 22.2% | 28.4% | 30.1% | na |
| Medicaid share of state budgets (state general funds only; no federal)[4] | na | 9.5% | 15.0% | 14.8% | 19.1% | 18.5% | na |
| Medicaid as share of state budgets (all state funds; no federal)[4] | na | 6.9% | 11.0% | 11.6% | 15.1% | 15.1% | na |
| **CHIP** | | | | | | | |
| Children enrolled (in millions) | na | na | 3.4 | 7.7 | 8.1 | 8.9 | 9.2 |

† *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.*

†† *Sources: Centers for Medicare and Medicaid Services (CMS) and Medicaid and CHIP Data Book (MACStats).*

††† *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.*

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

1. *All numbers exclude CHIP-financed coverage. The amounts shown in this table may differ from those published elsewhere due to slight differences in the timing of data and the treatment of certain adjustments. The amounts may also differ from prior versions of MACStats due to changes in methodology by the CMS Office of the Actuary. Spending consists of federal and state Medicaid expenditures for benefits and administration, excluding the Vaccines for Children program. Enrollment data for fiscal years 2000–2024 include estimates for the territories.*
2. *Beneficiaries (enrollees for whom payments are made) are shown here because they provide the only historical time series data directly available prior to FY 1990. Most current analyses of individuals in Medicaid reflect enrollees. Beginning in fiscal year 1998, a Medicaid-eligible person who received only coverage for managed care benefits was included in this series as a beneficiary. Children and adults who qualify for Medicaid on the basis of a disability are included in the disabled category. In addition, although disability is not a basis of eligibility for aged individuals, states may report some enrollees age 65 and older in the disabled category. For fiscal years prior to 2018, this data does not recode individuals age 65 and older who are reported as disabled, due to lack of detail in the historical data. Due to the way eligibility is reported in the Transformed Medicaid Statistical Information System (T-MSIS), age must be used to separate beneficiaries eligible on the basis of age from those eligible based on disability. This means that beneficiary count in 2018 and subsequent years for the disabled category no longer includes anyone age 65 and older. Generally, individuals whose eligibility group is unknown are persons who were enrolled in the prior year but had a Medicaid claim paid in the current year. Due to the transition from the Medicaid Statistical Information System (MSIS) to T-MSIS, complete and valid data were not available for all states for several years and jumped to fiscal year 2018 because this was the most complete year of data available to develop the MACStats data.*
3. *Enrollees by type for fiscal years 1980, 1990, 2000, and 2010 are based on the CMS 2018 Actuarial Report on the Financial Outlook for Medicaid. Enrollees by type for fiscal years 2020, 2023, and 2024 are based on MACStats. Enrollees by type from before and after 2010 should not be compared due to this change.*
4. *The all federal and state funds category reflects amounts from any source. The state general funds category reflects amounts from revenues raised through income, sales, and other broad-based state taxes. The all state funds category reflects amounts from any non-federal source; these include state general funds, other state funds (amounts from revenue sources that are restricted by law for particular government functions or activities, which for Medicaid includes provider taxes and local funds), and bonds (expenditures from the sale of bonds, generally for capital projects).*

Medicaid is a joint federal and state program that, together with CHIP, provides health coverage to more than 77 million Americans as of September 2025, 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 2023, Medicaid and CHIP payments were approximately $896.4 billion.

## 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 2025, 41 states and the District of Columbia have expanded their Medicaid programs to cover all people with household incomes below a certain level. Whether you qualify for Medicaid coverage depends partly on whether your state has expanded its program through the ACA.

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

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

Medicaid:

- *Children ages 0-1* – ranging from 139% in Utah to 375% in Iowa
- *Children ages 1-5* – ranging from 133% in Oregon to 319% in District of Columbia
- *Children ages 6-18* – ranging from 133% in 14 states to 319% in District of Columbia
- *Pregnant women* – ranging from 133% in three states to 375% in Iowa
- *Adult parent/caretaker* – ranging from 13% in Alabama to 216% in District of Columbia

CHIP:

- *Children from birth to age 19 with exceptions, including 20 states that don't offer CHIP to children* – ranging from 185% in Idaho to 400% in New York
- *Pregnant women* – only seven states offer—ranging from 200% in two states to 300% in two states

The FPL for 2025 ranges from $15,650 for individuals to $54,150 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 (LPRs). 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 CMS or Medicaid office.

The *Families First Coronavirus Response Act* (FFCRA) was enacted in March 2020 in response to COVID-19. Pursuant to FFCRA, states may not terminate individuals 1) enrolled for Medicaid benefits as of March 18, 2020 or 2) determined eligible on or after that date. The expiration of the continuous enrollment condition authorized by FFCRA presents the single largest health coverage transition event since the first open enrollment period of the ACA. As a condition of receiving a temporary 6.2% Federal Medical Assistance Percentage increase under the FFCRA, states were required to maintain enrollment of nearly all Medicaid enrollees during the COVID-19 public health emergency. The *Consolidated Appropriations Act, 2023*, delinked the end of the FFCRA's Medicaid continuous enrollment condition from the end of the COVID-19 public health emergency. As a result, the Medicaid continuous enrollment condition ended on March 31, 2023.

Thereafter, states resumed normal operations, including restarting full Medicaid and CHIP eligibility renewals and terminations of coverage for individuals who are no longer eligible. Beginning April 1, 2023, states are able to terminate Medicaid enrollment for individuals no longer eligible. States had up to 12 months to return to normal eligibility and enrollment operations.[22]

The OBBBA provides for additional eligibility requirements, reductions in coverage, and state cost sharing arrangements, among other modifications to these programs, beginning in 2026.

### Funding and financial condition of the program

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

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

## Food assistance – Supplemental Nutrition Assistance Program (SNAP)

| Fiscal year | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| Total benefits (in millions) | $ 8,721 | $ 14,143 | $ 14,983 | $ 64,702 | $ 74,157 | $ 106,998 | $ 92,760 | $ 95,007 |
| Average monthly recipients (in thousands) | 21,082 | 20,049 | 17,194 | 40,302 | 39,853 | 42,177 | 41,452 | 42,126 |
| Average monthly benefits per person | $ 34 | $ 59 | $ 73 | $ 134 | $ 155 | $ 211 | $ 186 | $ 188 |

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

†† *Source: Department of Agriculture.*

††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page.*

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 $298, with the amount per additional person decreasing with each person. These maximum benefits are reduced by 30% of the net monthly income of the household, as SNAP households are expected to spend 30% of their resources on food.

Beginning at the start of COVID-19 and through June 2023 (one month after the public health emergency was lifted on May 11, 2023), Food and Nutrition Service (FNS) approved administrative flexibilities to assist states in ensuring access to SNAP was maintained despite rising caseloads and challenges associated with social distancing and remote operations. Additionally, the USDA approved States to issue emergency nutrition benefits to households with children that lost access to free or reduced-price school meals because of school closures through Pandemic Electronic Benefit Transfer (P-EBT) benefits. The number of households qualifying for free or reduced-price meals, and therefore P-EBT, may have increased due to a USDA pandemic waiver, which provided free school meals to all students during fiscal years 2021 and 2022, regardless of their household's income. This waiver expired in June 2022, and schools were once again required to charge some students for school meals beginning with the 2022–2023 school year. However, multiple states have opted to supplement federal funding for the school meal programs with state funds to extend universal free meals into the school year.[23]

In 2023, SNAP payments were $124 billion or 1% of our Government's aggregate expenditures.

## Eligibility and enrollment[24]

For the periods presented in this report, the following paragraphs describe SNAP eligibility and enrollment requirements. Beginning as early as July 4, 2025, the OBBBA began to significantly modify these requirements, as well as funding sources, including providing for additional eligibility requirements, elimination of state waivers, and restrictions on non-citizens.

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

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

### Resources

Households may have $3,000 in countable resources, such as a bank account, or $4,500 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 other general assistance. Most households must have gross income and net income (gross income minus allowable deductions) of no more than 130% and 100% of the FPL, respectively, except in Alaska and Hawaii, where income limits are higher. A household with a person 60 years of age or older or a person who is receiving certain types of disability payments only has to meet the net income test.

### Employment

In general, people must meet work requirements in order to be eligible for SNAP. These work requirements include registering for work, not voluntarily quitting a job or reducing hours, taking a job if offered, and participating in employment and training programs, if assigned by the state. In addition, able-bodied adults without dependents are required to work or participate in a work program for at least 20 hours per week in order to receive SNAP benefits for more than three months in a 36-month period. Some special groups may not be subject to these requirements, including children, seniors, veterans, individuals experiencing homelessness, individuals age 24 or younger and in foster care on their 18th birthday, pregnant women, and people who are exempt for physical or mental-health reasons.

### Immigrants

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

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

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

## Funding and financial condition of the program

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

## Unemployment Insurance (UI)[25]

| Calendar year | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| **Regular Benefits** | | | | | | | |
| Total # weeks claimed (in thousands) | 148,952 | 115,954 | 96,007 | 203,149 | 470,802 | 75,749 | 81,452 |
| Average weekly benefit (non-partial) | $ 100 | $ 162 | $ 221 | $ 299 | $ 319 | $ 439 | $ 454 |
| Aggregate benefits paid (in millions) | $ 14,191 | $ 17,956 | $ 20,479 | $ 57,891 | $ 138,329 | $ 32,933 | $ 36,091 |
| **Extended Benefits** | | | | | | | |
| Total # weeks claimed (in thousands) | 17,940 | 247 | 28 | 31,786 | 12,651 | 58 | 26 |
| Average weekly benefit (non-partial) | $ 98 | $ 105 | $ 182 | $ 295 | $ 338 | $ 376 | $ 361 |
| Aggregate benefits paid (recovered) (in millions) | $ 1,704 | $ 30 | $ 4 | $ 8,919 | $ 4,157 | $ 17 | $ (4) |
| **Emergency Benefits** | | | | | | | |
| Total # weeks claimed (in thousands) | — | — | — | 237,307 | 95,461 | 404 | 208 |
| Average weekly benefit (non-partial) | $ — | $ — | $ — | $ 289 | $ 300 | $ 336 | $ 340 |
| Aggregate benefits paid (in millions) | $ — | $ — | $ — | $ 70,229 | $ 28,659 | $ 136 | $ 71 |
| **CARES Act COVID-19 Pandemic Benefits** | | | | | | | |
| Aggregate benefits paid (recovered) (in millions) | $ — | $ — | $ — | $ — | $ 362,684 | $ (1,174) | $ (2,992) |
| **Total Benefits (All Types)** | | | | | | | |
| Aggregate UI benefits paid (in millions) | $ 15,895 | $ 17,986 | $ 20,483 | $ 137,039 | $ 533,829 | $ 31,912 | $ 33,166 |

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

†† *Source: Department of Labor.*

††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page.*

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

According to the Bureau of Economic Analysis, 2021 and 2020 UI payments were elevated as a result of pandemic-related unemployment programs created by Congress. These amounts include, among other things, the additional $600 per week unemployment benefit payments made to people from March 28, 2020 through July 31, 2020 as part of the CARES Act, as well as the new eligibility for self-employed workers (including so-called gig economy workers). These benefits were updated and extended with the *Continued Assistance for Unemployed Workers Act of 2020*, which among other things, provided $300 per week unemployment benefit payments made to people beginning after December 26, 2020, and ending on or before March 14, 2021.

In 2023, UI payments were $31 billion or less than 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 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 2025, 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.[26] Three states require minimal employee contributions. Funds received by the federal government are distributed to state trust funds held by the Treasury, which are used to finance the programs. If a state uses all of its state funds, it may borrow from the federal government (authorized under Title XII of the *Social Security Act*). The Treasury will apply all tax revenue greater than the amount for benefit payments to the outstanding loan. States are also able to use private sector borrowing instruments, such as revenue bonds, to repay the federal government for their outstanding loans. If a state fails to repay the outstanding Title XII advance by November 10th of the year in which the second January 1st has passed, then all taxable employers in that state will be subject to a reduced credit on their FUTA tax of 0.3%.

As of December 31, 2024, the aggregate state UI trust fund balance was $70 billion. Since January 1, 2020, 22 states and one insular area depleted their UI funds and took advances totaling $104 billion from the federal government to continue to pay benefits. As of December 31, 2024, three states and one insular-area UI program still had a total of $28 billion in outstanding federal loans. One state had outstanding private borrowings totaling $2 billion. During 2024, the states earned a total of $2 billion on their UI trust fund investments and incurred a total of $632 million of interest expense owed to the federal government for their Title XII loans.[27]

## Earned Income Tax Credit (EITC)[28]

| Calendar year | 1980 | 1990 | 2000 | 2010 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|
| Total EITC claims (in millions) | $ 1,986 | $ 7,542 | $ 32,296 | $ 59,562 | $ 59,240 | $ 65,684 | $ 60,069 | $ 66,270 |
| Total EITC claims for returns with children (in millions) | $ 1,986 | $ 7,542 | $ 31,593 | $ 57,809 | $ 56,985 | $ 53,257 | $ 57,438 | $ 63,811 |
| Number of EITC returns (in thousands) | 6,954 | 12,542 | 19,277 | 27,368 | 26,026 | 32,216 | 24,086 | 24,440 |
| Number of EITC Returns with children (in thousands) | 6,954 | 12,542 | 15,872 | 20,720 | 18,389 | 17,108 | 17,208 | 17,663 |
| Average amount of EITC | $ 286 | $ 601 | $ 1,675 | $ 2,176 | $ 2,276 | $ 2,039 | $ 2,494 | $ 2,712 |
| Average amount of EITC for returns with children | $ 286 | $ 601 | $ 1,990 | $ 2,790 | $ 3,099 | $ 3,113 | $ 3,338 | $ 3,613 |

† *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: IRS.*

††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page.*

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, 2025, are:

- $8,046 with three or more qualifying children;
- $7,152 with two qualifying children;
- $4,328 with one qualifying child; and
- $649 with no qualifying children.

The *American Rescue Plan Act of 2021 (*ARP) temporarily (for 2021 only) expanded the EITC for workers without qualifying children to a maximum federal credit amount of $1,502. Also, individuals were allowed to figure the EITC using their 2019 earned income if it was higher than their 2021 earned income, which may have provided a larger credit. The phase-in and phase-out amounts also changed, and more people claimed the credit, so this increase did not translate to a larger average amount of EITC for returns without 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 $11,950 in investment income for the year (as of 2025). In addition, earned income and AGI for 2025 must each be less than:

| | Qualifying Children Claimed | | | |
|---|---|---|---|---|
| **If filing** | **Zero** | **One** | **Two** | **Three or more** |
| Single, Head of Household or Widowed | $ 19,104 | $ 50,434 | $ 57,310 | $ 61,555 |
| Married Filing Jointly | $ 26,214 | $ 57,554 | $ 64,430 | $ 68,675 |

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

### Non-financial qualifications

Non-financial qualifications include having a valid Social Security number, being a US citizen or a resident alien, not having foreign earned income, as well as special qualifying rules for military and clergy members and taxpayers with disabilities. To read more about non-financial qualifications, see the IRS website at https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/eitc-earned-income-tax-credit-questions-and-answers.

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

## Funding and financial condition of the program

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

In 2023, EITC payments were $55 billion or 1% of our Government's aggregate expenditures.

# Premium Tax Credit (PTC)[29]

| **Fiscal year** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
|---|---|---|---|---|---|---|
| Total PTC claims (in millions) | $ 41,772 | $ 40,520 | $ 32,175 | $ 52,347 | $ 54,010 | $ 59,869 |
| Number of PTC returns (in thousands) | 5,362 | 5,182 | 4,153 | 7,418 | 7,869 | 8,860 |
| Average amount of PTC | 7,790 | 7,819 | 7,748 | 7,057 | 6,864 | 6,757 |

† *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: IRS.*

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

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

The maximum credit amounts for the latest tax year, 2025, are:

- $8,046 with three or more qualifying children;
- $7,152 with two qualifying children;
- $4,328 with one qualifying child; and
- $649 with no qualifying children.

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

## Eligibility and enrollment

You are eligible for the PTC if you meet all of the following requirements:

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

### Income limits

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

## Funding and financial condition of the program

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

# Supplemental Security Income (SSI)[30]

| Fiscal year | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| **Total payments (in millions):** | **$ 7,771** | **$ 16,182** | **$ 32,160** | **$ 51,357** | **$ 58,887** | **$ 63,944** | **$ 66,494** |
| Blind or disabled | 5,142 | 12,635 | 27,438 | 45,618 | 52,492 | 56,363 | 58,390 |
| Aged | 2,629 | 3,547 | 4,722 | 5,739 | 6,395 | 7,581 | 8,104 |
| SSI federal payments[1] | $ 5,923 | $ 12,943 | $ 28,778 | $ 47,767 | $ 56,365 | $ 60,787 | $ 63,080 |
| SSI federally administered state supplementation payments | $ 1,848 | $ 3,239 | $ 3,381 | $ 3,589 | $ 2,521 | $ 3,157 | $ 3,414 |
| **SSI recipients (in thousands):[2]** | **4,142** | **4,817** | **6,602** | **7,912** | **7,960** | **7,425** | **7,424** |
| Blind or disabled | 2,334 | 3,363 | 5,312 | 6,728 | 6,824 | 6,265 | 6,233 |
| Aged | 1,808 | 1,454 | 1,289 | 1,184 | 1,136 | 1,161 | 1,191 |
| **SSI payments per recipient:[2]** | **$ 1,876** | **$ 3,359** | **$ 4,871** | **$ 6,491** | **$ 7,398** | **$ 8,612** | **$ 8,957** |
| Blind or disabled | 2,203 | 3,757 | 5,165 | 6,780 | 7,692 | 8,996 | 9,368 |
| Aged | 1,454 | 2,439 | 3,663 | 4,847 | 5,629 | 6,530 | 6,365 |

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

1. *Total historical payments for 1980 are estimated.*
2. *Recipients are those with Federally Administered Payments in Current-Payment Status.*

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

The monthly maximum benefit amounts for 2026 are $994 for an eligible individual, $1,491 for an eligible individual with an eligible spouse, and $498 for an essential person. An essential person is someone who has been living in the SSI recipient's household continuously since December 1973 (the month before the inception of the SSI program) and whose needs were considered when determining the amount of cash assistance the qualified recipient was receiving from the state before being transferred to the federal SSI program. The monthly amount is reduced by subtracting monthly countable income. In the case of an eligible individual with an eligible spouse, the amount payable is further divided equally between the two spouses. Some states supplement SSI benefits.

In 2023, SSI payments were $58 billion or 1% of aggregate government expenditures.

## Eligibility and enrollment

To be eligible for SSI, one must be age 65 or older, blind, or disabled and:

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

- apply for any other cash benefits or payments for which one may be eligible, (for example, pensions, Social Security benefits); and
- meet certain other requirements.

### Funding and financial condition of the program

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

## Affordable housing

| Calendar year | 2000 | 2005 | 2010 | 2020 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| **All Department of Housing and Urban Development (HUD) programs** | | | | | | | |
| Annual federal spending for all HUD programs (in billions) | $ 30.8 | $ 42.5 | $ 60.1 | $ 33.2 | $ 55.2 | $ 52.0 | $ 50.5 |
| Subsidized units available (in thousands) | 4,881 | 5,092 | 5,095 | 5,077 | 5,130 | 5,149 | 5,133 |
| Average monthly household rent and utilities contribution | $ 212 | $ 258 | $ 288 | $ 355 | $ 416 | $ 433 | $ 452 |
| Average monthly federal spending per unit[1] | $ 421 | $ 503 | $ 631 | $ 810 | $ 989 | $ 1,067 | $ 1,135 |
| **Demographics** | | | | | | | |
| Total number of people (in thousands) | 8,494 | 8,809 | 9,859 | 9,338 | 9,046 | 9,040 | 8,860 |
| Average household size (persons) | 2.2 | 2.2 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| % household with children | 46% | 44% | 41% | 34% | 33% | 32% | 32% |
| % household headed by female | 79% | 79% | 78% | 75% | 74% | 74% | 74% |
| % minority households | 58% | 59% | 63% | 66% | 66% | 67% | 67% |
| Average household income per year | $ 10,300 | $ 11,500 | $ 12,364 | $ 14,693 | $ 17,201 | $ 17,859 | $ 18,483 |
| % extremely low income (<30% median)[2] | 70% | 77% | 76% | 78% | 77% | 78% | 79% |
| Average months on waiting list | 22 | 18 | 18 | 27 | 25 | 27 | 25 |
| Average months since moved in | 75 | 74 | 84 | 118 | 120 | 121 | 123 |

† *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 HUD.*

††† *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.*

1. *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.)*

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

According to HUD, families that pay more than 30% of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care. During 2023, over 23 million households who reported any income paid more than 50% of their monthly incomes for housing.

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

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

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

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

In 2023, government housing support generated net revenue of $22 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 2023) was net revenue generation of $287 billion. The largest source of revenue has been our Government's investments in Fannie Mae and Freddie Mac securities, which have generated a net $165 billion in revenue (between 2008 and 2023). See discussion above *Other related entities / Government-sponsored enterprises / Fannie Mae and Freddie Mac* for additional information.

In 2023, the annual federal spending for all HUD programs increased $26 billion. This was primarily due to the downward reestimate of subsidy costs for the FHA-Mutual mortgage insurance capital reserve account, which are funds available to cover cost increases for the Mutual Mortgage Insurance Fund (a federal fund that acts as the insurer of mortgages that are guaranteed by the FHA).

## Eligibility and enrollment

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

## Funding and financial condition of the program

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

## Student financial aid[31]

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

| (Academic year, in millions, except as otherwise noted) | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| **Federal grants** | | | | | | | | |
| **Pell Grant expenditures by type of institution:** | **$ 2,357** | **$ 4,778** | **$ 7,209** | **$ 29,992** | **$ 28,417** | **$ 27,215** | **$ 31,474** | **na** |
| Public[1] | na | $ 2,721 | $ 4,921 | $ 18,382 | $ 19,797 | $ 18,303 | $ 20,981 | na |
| Private[1] | na | $ 1,105 | $ 1,342 | $ 3,935 | $ 4,813 | $ 4,818 | $ 5,555 | na |
| Proprietary[1] | na | $ 951 | $ 946 | $ 7,557 | $ 3,808 | $ 4,094 | $ 4,937 | na |
| **Number of valid Pell Grant applicants (in thousands):** | **3,868** | **6,165** | **8,527** | **16,542** | **15,038** | **14,008** | **14,767** | **na** |
| Eligible applicants | 3,030 | 4,348 | 4,903 | 10,969 | 9,973 | 8,940 | 9,737 | na |
| Ineligible applicants | 839 | 1,818 | 3,624 | 5,574 | 5,065 | 5,068 | 5,030 | na |
| **Federal Pell Grant recipients (in thousands)** | **2,538** | **3,322** | **3,764** | **8,094** | **6,746** | **6,033** | **6,383** | **na** |
| **Average Pell Grant (actuals):** | **$ 929** | **$ 1,438** | **$ 1,915** | **$ 3,706** | **$ 4,212** | **$ 4,511** | **$ 4,931** | **na** |
| Minimum grant | $ 200 | $ 200 | $ 400 | $ 976 | $ 624 | $ 692 | $ 767 | $ 740 |
| Maximum grant | $ 1,800 | $ 2,300 | $ 3,125 | $ 5,350 | $ 6,195 | $ 6,895 | $ 7,395 | $ 7,395 |
| Federal Supplemental Educational Opportunity Grants (award year) | $ 338 | $ 437 | $ 619 | $ 761 | $ 847 | $ 894 | 798 | na |
| Veterans (fiscal year) | na | na | $ 1,629 | $ 8,260 | $ 12,688 | $ 12,435 | $ 13,149 | na |
| Federal Work-Study (award year) | $ 547 | $ 609 | $ 850 | $ 1,151 | $ 1,132 | $ 1,157 | $ 1,067 | na |
| **Federal loans** | | | | | | | | |
| Federal loans receivable by the government, net (as of September 30, in billions) | na | na | $ 192 | $ 368 | $ 1,168 | $ 1,070 | $ 1,078 | $ 1,289 |
| **Perkins Loan disbursements[2]** | **$ 651** | **$ 903** | **$ 1,101** | **$ 818** | **$ —** | **$ —** | **$ —** | **$ —** |
| **FFEL and Direct Loan Program disbursements by type of institution:[3]** | **na** | **na** | **$ 31,583** | **$ 99,825** | **$ 90,029** | **$ 83,752** | **$ 83,057** | **$ 81,348** |
| Public[1] | na | na | $ 15,249 | $ 42,448 | $ 41,470 | $ 36,845 | $ 36,762 | $ 36,500 |
| Private[1] | na | na | $ 12,596 | $ 31,964 | $ 35,846 | $ 34,562 | $ 33,682 | $ 33,233 |
| Proprietary[1] | na | na | $ 3,522 | $ 24,508 | $ 11,191 | $ 10,831 | $ 11,096 | $ 10,086 |
| Foreign[1] | na | na | $ 216 | $ 905 | $ 1,522 | $ 1,514 | $ 1,518 | $ 1,529 |

† *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.*

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

1. *May not add to total. Total expenditures and expenditures by institution type were taken from two separate data sources. In addition, numbers have been rounded.*
2. *The Perkins Loan Program was discontinued on September 30, 2017. Final disbursements were permitted through June 30, 2018.*
3. *The Federal Family Education Loan Program (FFEL) was discontinued on June 30, 2010. All loans are now made through the William D. Ford Federal Direct Loan Program (Direct Loan Program).*

### Federal

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

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

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

## Eligibility and enrollment

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

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

On December 27, 2020, the *FAFSA Simplification Act* was enacted into law as part of the *Consolidated Appropriations Act, 2021*, which represented a significant overhaul of the processes and systems used to award federal student aid starting with the 2024-25 award year. This includes streamlining the FAFSA form, a new need analysis formula, modifications to family definitions, expansion of Pell Grants, and the removal of questions about the Selective Service registration and drug convictions.

## 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, 2025, 42.8 million unduplicated recipients of federal student loans owed a total of $1.7 trillion or approximately $39,500 per borrower, including principal and interest. Direct loans constituted the largest portion of the total, with $1.5 trillion owed by 38.6 million unduplicated recipients or approximately $39,600 per borrower. Of these direct loans, $433.2 billion or approximately $34,500 per borrower was current and roughly a third, at $169.2 billion or approximately $25,700 per borrower, was between 31-180 days delinquent.

Beginning in March 2020, provisions in the CARES Act and the administration's executive actions resulted in borrowers in repayment being moved into a forbearance status, unless they opted out, drastically reducing the number of borrowers in repayment and curing delinquencies through the summer of 2023. While borrowers re-entered repayment on September 1, 2023, a temporary on-ramp period through September 30, 2024 prevented missed payments from being considered delinquent. During the on-ramp period, borrowers' loans were automatically put in a forbearance after missing three payments. As such, borrowers appeared in the 91-180 days delinquent bucket temporarily until their loans were reset, and no loans showed as more than 180 days delinquent until after the on-ramp period ended. Prior to these actions, $623 billion or approximately $38,500 per borrower was current and $8 billion, or 1% or approximately $27,900 per borrower, was in technical default (271 days plus delinquent) or transferring to a collection agency, with the remaining balance in various stages of delinquency.

## State and local

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

# Welfare – Temporary Assistance for Needy Families (TANF)[32]

| Fiscal year (in thousands unless otherwise noted) | 1980 | 1990 | 2000 | 2010 | 2020 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| TANF SSP expenditures (in millions)[1] | na | na | $ 24,781 | $ 33,255 | $ 28,984 | $ 31,707 | $ 35,000 | na |
| TANF/AFDC average monthly total recipient[2] | 10,597 | 11,460 | 5,943 | 4,371 | 2,037 | 1,987 | 2,061 | 2,094 |
| TANF/AFDC average monthly child recipients[2] | 7,322 | 7,755 | 4,370 | 3,289 | 1,587 | 1,478 | 1,501 | 1,515 |
| TANF/AFDC average monthly families[2] | 3,642 | 3,974 | 2,265 | 1,848 | 894 | 826 | 841 | 849 |
| TANF SSP average monthly total recipients[1] | na | na | 381 | 222 | 789 | 853 | 632 | 632 |
| TANF SSP average monthly child recipients[1] | na | na | 228 | 133 | 494 | 528 | 396 | 396 |
| TANF SSP average monthly families[1] | na | na | 91 | 69 | 180 | 195 | 142 | 142 |

† *Source: Department of Health and Human Services (HHS).*
†† *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.*
na *An "na" reference in the table means the data is not available.*
1. *Includes State Separate Programs (SSP) expenditures. SSPs 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 requirements, under which states must sustain a certain level of contribution to the costs of TANF and approved related activities.*
2. *In 1996, Aid to Families with Dependent Children (AFDC) was replaced by TANF.*

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

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

In 2023, TANF payments were $17 billion or less than 1% of our Government's aggregate expenditures.

## Eligibility and enrollment

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

## Funding and financial condition of the program

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

# Research and development (R&D)

| Fiscal year (In millions) | 1980 | 1990 | 2000 | 2010 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|
| **Federal R&D outlays by agency[1]** | **$ 29,830** | **$ 63,559** | **$ 76,898** | **$ 131,388** | **$ 144,920** | **$ 174,548** | **$ 178,919** | **$ 169,086** | **$ 180,014** |
| Department of Defense (DOD) | 13,501 | 36,703 | 38,519 | 67,615 | 55,832 | 63,275 | 68,717 | 75,554 | 87,417 |
| HHS | 3,477 | 8,309 | 18,187 | 34,928 | 53,408 | 72,664 | 68,926 | 50,958 | 47,019 |
| Department of Energy | 4,697 | 5,508 | 6,068 | 8,986 | 10,810 | 12,263 | 12,461 | 13,087 | 14,013 |
| NASA | 3,465 | 6,324 | 6,424 | 7,316 | 10,481 | 11,089 | 12,137 | 11,281 | 11,714 |
| All other | 4,690 | 6,715 | 7,700 | 12,543 | 14,389 | 15,257 | 16,678 | 18,206 | 19,851 |
| **Higher education R&D expenditures[2]** | **$ 6,063** | **$ 16,290** | **$ 30,084** | **$ 61,287** | **$ 86,448** | **$ 89,846** | **$ 97,844** | **$ 108,858** | **$ 117,719** |
| Federal government – all agencies[3] | 4,098 | 9,640 | 17,548 | 37,478 | 46,184 | 49,196 | 54,056 | 59,683 | 64,718 |
| HHS | na | na | na | na | 25,365 | 27,521 | 30,273 | 33,104 | 35,500 |
| DOD | na | na | na | na | 7,078 | 7,363 | 7,979 | 9,046 | 10,174 |
| National Science Foundation | na | na | na | na | 5,414 | 5,408 | 6,037 | 6,700 | 7,174 |
| All other | na | na | na | na | 8,252 | 8,828 | 9,687 | 10,761 | 11,792 |
| State and local government | 491 | 1,324 | 2,200 | 3,887 | 4,603 | 4,752 | 4,918 | 5,451 | 6,084 |
| Institution funds | 835 | 3,006 | 5,925 | 11,943 | 22,024 | 22,480 | 24,539 | 27,685 | 30,202 |
| Business | 236 | 1,127 | 2,156 | 3,202 | 5,189 | 5,123 | 5,706 | 6,230 | 6,361 |
| All other | 403 | 1,191 | 2,255 | 4,777 | 8,446 | 8,296 | 8,625 | 9,808 | 10,354 |

† *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.*

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

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

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

In 2023, 75% of federal R&D outlays were for the DOD and HHS, with most of the DOD funding devoted to the development of advanced weapons systems such as the Joint Strike Fighter. COVID-19 stimulus funding led to large R&D increases for HHS. For example, an HHS agency that helps develop vaccines saw increased spending from $736 million in fiscal year 2019 to $16 billion in fiscal year 2020. Some funding supports multi-agency initiatives in complex areas of strategic national importance—such as nanotechnology and artificial intelligence.[33] The Department of Energy also carries out R&D on nuclear weapons, in addition to basic scientific research in areas such as nuclear physics and the biological and environmental sciences. NASA is funding research for projects, including advanced electronic propulsion systems and space habitation projects.

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

# Marketing, sales, and distribution

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

## Marketing

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

Federal agencies spent $14.9 billion on advertising contracts from fiscal years 2014 through 2023, according to the Government Accountability Office (GAO). The top three advertisers were the DOD, HHS, and the Department of Homeland Security (DHS). During the COVID-19 pandemic, federal agencies obligated about $1.1 billion to COVID-19-related advertising contracts. These and other agencies spend for purposes such as advertising job openings, federal contracts, and sales of surplus property.

The Centers for Disease Control and Prevention (CDC), for example, has carried out campaigns to encourage people to quit smoking and get tested for HIV. The Office of National Drug Control Policy is mandated by law to produce advertising campaigns to discourage the use of illegal drugs. State, local, and federal governments use the services of the Ad Council, a non-profit group backed by advertising agencies and media outlets, for free public-service advertising campaigns through a nationwide network of media outlets. These have included anti-drunk-driving campaigns by the National Highway Traffic Safety Administration and efforts by the US Forest Service to prevent forest fires.

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

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

## Sales

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

## Distribution

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

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

# Reporting segments

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

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

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

We do not report revenues by segment but do report expenditures and key metrics on a segment basis. Certain expenditures, including 2% of total fiscal year 2023 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 2023, 6% or $503 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 ($475 billion in spending in 2023)

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

### Safeguarding consumers and employees ($28 billion in spending in 2023)

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

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

Over 90% 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 equipment, 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, 41% of the segment's expenditures are for payroll for current employees.

## Common Defense

This segment works to provide for the common defense of the US population and citizens abroad by protecting them from external threats. To do so, our Government prevents conflict where possible, engages in conflict when threatened, manages relationships with other nations, and keeps the US borders secure. To achieve these goals, our Government operates a military and provides benefits to veterans. It also manages immigration, controls entrance to the country at the borders, and operates a diplomatic force around the world that promotes American ideals and values on behalf of its citizens. In 2023, 14% or $1,214 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 ($1,121 billion in spending in 2023)

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

### Immigration and border security ($23 billion in spending in 2023)

- *Key initiatives* – maintain a system for immigration and control entrance to the country at the borders, including managing visas, Green Cards, and customs
- *Key departments* – DHS (primarily US Customs and Border Protection, US Immigration and Customs Enforcement, and Citizenship and Immigration Services) at the federal level

- *Key metrics (see Part II. Item 7. Management's Discussion and Analysis / Key metrics by segment)* – the estimated numbers of immigrants who are in the US without authorization and the numbers of those who were removed or returned, border apprehensions, numbers of naturalizations, Green Cards, and visas granted, intellectual property and drug seizures, and airport firearm discoveries

### Foreign affairs and foreign aid ($70 billion in spending in 2023)

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

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

Nearly 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 $134 billion in 2023.

## 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 2023, 27% or $2,409 billion of our Government's expenditures were made by this segment. Over 30% of the segment's expenditures are spent by the federal government, while the remainder is spent by state and local governments.

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

### Economy and infrastructure ($482 billion in spending in 2023)

- *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 99.03* and quantification of key businesses in *Note 26 – Offsetting amounts* in *Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements* within this annual report)
- *Key departments* – DHS (primarily United States Coast Guard and Transportation Security Administration (TSA)), Department of Transportation (primarily Federal Aviation Administration), Federal Deposit Insurance Corporation, Federal Communications Commission, Department of the Treasury, National Science Foundation, Department of Energy, Department of Commerce, National Credit Union Administration, and US Postal Service

at the federal level and liquor stores, lotteries, airports, ports, highways, mass transit, and parking facilities at the state and local level

- *Key metrics (see Part II. Item 7. Management's Discussion and Analysis / Key metrics by segment)* – numbers of new businesses and businesses that close, bankruptcy filings, bank failures, new home sales and prices, gross rents and vacancy rates, gross domestic product (GDP), values of the S&P 500, private investment, our net trade deficit, total employment, jobs per person in the working age population, median annual and federal minimum wages, and the condition of our roads and bridges

### Standard of living and aid to the disadvantaged ($1,625 billion in spending in 2023)

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

### Health (excluding Medicaid and Medicare) ($302 billion in spending in 2023)

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

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

## Blessings of Liberty

This segment works to secure the blessings of liberty to the US population, which it does through investing in the future. Our Government invests in the future by providing educational opportunities and standards, promoting retirement savings and homeownership, and mandating savings through Social Security and Medicare. In order to prevent future conflict and destabilization, our Government manages its debt to limit the burden on future generations, protects the environment and manages natural resources, works to maintain a healthy democracy, and supports opportunity for economic mobility for each individual. In 2023, 52% or $4,615 billion of our Government's expenditures were made by this segment.

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

## Education ($1,100 billion in spending in 2023)

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

## Wealth and savings ($3,356 billion in spending in 2023)

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

## Sustainability and self-sufficiency ($159 billion in spending in 2023)

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

## American Dream ($2 billion in spending in 2023, also included within other subsegments)

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

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. Nearly 25% 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, 2024, the population of the US, excluding US territories, was 340 million. The population of the US is growing but at a generally decelerating rate. Following historical lows of 0.59% growth during the years ended July 1, 2017 and 2018, the US population rebounded to 0.98% growth during the year ended July 1, 2024, primarily due to net migration. By comparison, the US population growth averaged 0.81% annually over the 20 years following July 1, 2004, and 1.13% annually over the 44 years following July 1, 1980 (the earliest year presented in this report, generally).

According to newly released limited population data, these trends changed markedly in 2025. This data shows that the US population growth was roughly half what it had been in recent years, at a rate of 0.52% in 2025, due to annual population growth from net migration decreasing from 2.7 million in 2024 to 1.3 million in 2025.

### Demographics of our population

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

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

# Population demographics

| | 1980 | 1990 | 2000 | 2010 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total population (in thousands)[1,4]** | **227,225** | **249,623** | **282,162** | **309,378** | **331,578** | **332,100** | **334,017** | **336,806** | **340,111** | **341,785** |
| Population change[2] | 2,920 | 2,588 | 2,457 | 2,395 | 1,154 | 522 | 1,918 | 2,789 | 3,305 | 1,781 |
| Natural | 2,021 | 1,959 | 1,579 | 1,659 | 677 | 146 | 224 | 495 | 519 | 519 |
| Births | 4,492 | 4,114 | 3,966 | 4,150 | 3,748 | 3,584 | 3,680 | 3,649 | 3,606 | 3,620 |
| Deaths | 2,471 | 2,155 | 2,387 | 2,491 | 3,071 | 3,438 | 3,456 | 3,154 | 3,087 | 3,102 |
| Net migration | na | na | 878 | 735 | 477 | 376 | 1,694 | 2,294 | 2,786 | 1,262 |
| Residual[3] | 899 | 534 | — | — | — | — | — | — | — | — |
| **Age and gender[1,4]** | | | | | | | | | | |
| Male | 48.6% | 48.8% | 49.1% | 49.2% | 49.5% | 49.5% | 49.5% | 49.5% | 49.5% | na |
| Female | 51.4% | 51.2% | 50.9% | 50.8% | 50.5% | 50.5% | 50.5% | 50.5% | 50.5% | na |
| <5 years of age | 7.2% | 7.6% | 6.8% | 6.5% | 5.8% | 5.7% | 5.6% | 5.5% | 5.5% | na |
| 5 to 14 years | 15.3% | 14.1% | 14.6% | 13.3% | 12.7% | 12.6% | 12.4% | 12.2% | 12.1% | na |
| 15 to 24 years | 18.7% | 14.8% | 14.0% | 14.1% | 13.0% | 13.0% | 13.1% | 13.1% | 13.2% | na |
| 25 to 34 years | 16.5% | 17.3% | 14.1% | 13.3% | 13.8% | 13.7% | 13.7% | 13.7% | 13.7% | na |
| 35 to 44 years | 11.4% | 15.1% | 16.0% | 13.2% | 12.9% | 13.1% | 13.2% | 13.3% | 13.4% | na |
| 45 to 54 years | 10.0% | 10.1% | 13.5% | 14.5% | 12.4% | 12.3% | 12.2% | 12.1% | 12.0% | na |
| 55 to 64 years | 9.6% | 8.5% | 8.7% | 11.9% | 13.0% | 12.9% | 12.7% | 12.5% | 12.2% | na |
| 65+ years | 11.3% | 12.5% | 12.4% | 13.1% | 16.4% | 16.8% | 17.2% | 17.6% | 18.0% | na |
| 18+ years | 72.0% | 74.3% | 74.3% | 76.0% | 77.6% | 77.8% | 78.0% | 78.2% | 78.5% | na |
| Median age (years) | 30.0 | 33.0 | 35.3 | 37.2 | 38.5 | 38.8 | 38.9 | 39.0 | 39.1 | na |
| **Race and ethnicity[1,4,5]** | | | | | | | | | | |
| White | 85.7% | 83.9% | 81.0% | 78.3% | 75.9% | 75.7% | 75.4% | 75.1% | 74.8% | na |
| Black/African American | 11.7% | 12.3% | 12.7% | 13.0% | 13.5% | 13.6% | 13.6% | 13.7% | 13.7% | na |
| Asian | 1.6% | 3.0% | 3.8% | 4.9% | 6.1% | 6.2% | 6.3% | 6.5% | 6.7% | na |
| American Indian/Alaska Native | 0.6% | 0.8% | 1.0% | 1.2% | 1.3% | 1.3% | 1.3% | 1.4% | 1.4% | na |
| Other/Mixed Race | na | na | 1.4% | 2.3% | 2.9% | 3.0% | 3.0% | 3.1% | 3.1% | na |
| Hispanic | 6.4% | 9.0% | 12.6% | 16.4% | 18.8% | 19.0% | 19.3% | 19.6% | 20.0% | na |
| Non-Hispanic, white only | na | 75.6% | 69.4% | 63.8% | 59.5% | 59.2% | 58.7% | 58.1% | 57.5% | na |
| **Regional[1,4]** | | | | | | | | | | |
| Northeast | 21.6% | 20.4% | 19.0% | 17.9% | 17.3% | 17.2% | 17.1% | 17.0% | 17.0% | na |
| Midwest | 25.9% | 23.9% | 22.9% | 21.7% | 20.8% | 20.7% | 20.6% | 20.5% | 20.5% | na |
| South | 33.3% | 34.2% | 35.6% | 37.1% | 38.1% | 38.4% | 38.6% | 38.9% | 39.0% | na |
| West | 19.1% | 21.2% | 22.5% | 23.3% | 23.7% | 23.7% | 23.6% | 23.6% | 23.5% | na |
| **Educational attainment[6]** | | | | | | | | | | |
| Population 25 years and over (in thousands) | na | 158,868 | 175,230 | 199,928 | 223,058 | 224,580 | 226,274 | 227,674 | 229,778 | na |
| Less than high school graduate | na | 24.8% | 15.9% | 12.9% | 9.1% | 8.9% | 8.8% | 8.6% | 8.5% | na |
| High school graduate | na | 30.0% | 33.1% | 31.2% | 27.6% | 27.9% | 28.5% | 28.2% | 27.9% | na |
| Some college or associate's degree | na | 24.9% | 25.4% | 26.0% | 25.8% | 25.4% | 25.0% | 24.9% | 24.9% | na |
| Bachelor's degree | na | 13.1% | 12.2% | 15.1% | 23.4% | 23.5% | 23.4% | 23.5% | 23.7% | na |
| Graduate or professional degree | na | 7.2% | 8.6% | 10.5% | 14.1% | 14.4% | 14.2% | 14.8% | 14.9% | na |
| **Households and families[6, 8, 9]** | | | | | | | | | | |
| Total households (in thousands) | 80,776 | 93,347 | 104,705 | 117,538 | 128,451 | 129,224 | 131,202 | 131,434 | 132,216 | 134,790 |
| Total family households (in thousands) | 59,550 | 66,091 | 72,026 | 78,833 | 83,677 | 83,712 | 84,265 | 84,335 | 84,685 | 85,963 |
| % total households married no kids | 29.9% | 29.8% | 28.7% | 28.8% | 30.1% | 29.7% | 29.0% | 29.4% | 29.4% | 30.1% |
| % total households married parents | 31.2% | 26.7% | 24.6% | 21.5% | 18.4% | 18.0% | 17.8% | 17.9% | 17.7% | 16.6% |
| % total households single fathers | 0.9% | 1.4% | 2.0% | 1.5% | 1.6% | 1.8% | 1.7% | 1.5% | na | na |
| % total households single mothers | 7.7% | 9.0% | 9.2% | 8.4% | 6.7% | 6.8% | 6.6% | 6.3% | na | na |
| % total households other family | 5.4% | 6.5% | 7.0% | 8.3% | 8.9% | 9.3% | 8.6% | 9.0% | na | na |
| Total non-family households (in thousands) | 21,226 | 27,257 | 32,680 | 38,705 | 44,774 | 45,533 | 46,937 | 47,099 | 47,531 | 48,827 |
| % total households single person | 22.7% | 24.6% | 25.5% | 26.7% | 28.2% | 28.6% | 28.9% | 29.0% | 29.1% | 29.5% |
| % total households multiple people non-family | 3.6% | 4.6% | 5.7% | 6.2% | 6.7% | 7.0% | 6.9% | 6.8% | 6.9% | 6.7% |
| Young adults (25-34 years) living at home (in thousands) | 3,194 | 4,987 | 3,989 | 5,520 | 8,032 | 7,545 | 6,941 | 7,194 | 7,095 | 7,529 |
| Rate of young adults living at home | 8.7% | 11.5% | 10.6% | 13.5% | 17.7% | 16.8% | 15.6% | 16.0% | 15.8% | 16.4% |
| Average household size | 2.76 | 2.63 | 2.62 | 2.59 | 2.53 | 2.54 | 2.50 | 2.51 | 2.51 | 2.50 |
| Average family size | 3.29 | 3.17 | 3.17 | 3.16 | 3.15 | 3.16 | 3.13 | 3.15 | 3.15 | 3.15 |
| **Marital status (age 15 years+)[6, 7]** | | | | | | | | | | |
| **Currently married** | **61.0%** | **58.7%** | **56.2%** | **53.6%** | **52.0%** | **50.8%** | **50.7%** | **50.8%** | **50.8%** | **50.4%** |
| All men | 63.2% | 60.7% | 57.9% | 54.8% | 53.2% | 51.7% | 51.7% | 51.6% | 51.8% | 51.4% |
| All women | 58.9% | 56.9% | 54.7% | 52.4% | 50.9% | 50.0% | 49.9% | 50.0% | 49.8% | 49.5% |
| **Net divorce rate[10]** | **7.8%** | **10.7%** | **12.9%** | **14.1%** | **14.3%** | **14.8%** | **14.5%** | **14.5%** | **14.6%** | **14.4%** |
| All men | 6.8% | 9.7% | 12.1% | 12.9% | 12.9% | 13.6% | 13.3% | 13.3% | 13.3% | 12.7% |
| All women | 8.6% | 11.5% | 13.6% | 15.2% | 15.4% | 15.9% | 15.5% | 15.6% | 15.7% | 15.8% |

† *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.*

††† *Total population and components of population change includes both Vintage 2025 (in 2025 column) and Vintage 2024 (in preceding columns) estimates due to data delays.*

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

1. *The Census Bureau releases annual provisional population estimates based on the most recent decennial census and other data on births, deaths, and migration/immigration each year. These provisional data are called "postcensal estimates". After the next decennial census, the Bureau reconciles these postcensal estimates and releases final data, called intercensal estimates. Although the census was completed in 2020, the Census Bureau has not reconciled its 2011-2019 population estimates to produce final intercensal population data. We retain the postcensal figures for those years in this table.*
2. *Components of population change are from yearly postcensal estimates taken on July 1 of each year. The Census does not revise these figures as it does total population after the completion of a decennial census. Total population change does not always sum to the gap between annual population estimates due to different reporting timelines and final data releases.*
3. *The "residual" shown here includes the components of population change: net international migration, Federal Citizen movement, net domestic migration, and a statistical residual. For post-1990 estimates, the estimates methodology was refined to allow separate identification of these components.*
4. *Total population estimates by the Census Bureau are released in March of each year while the demographic statistics are released in July. All figures will be updated when full data is available in July.*
5. *Race categories have been redefined many times in the history of the census. Due to the ability to choose "some other race" in census years and select more than one race in 2000 and later, race estimates in census years sometimes vary significantly from intercensal estimates.*
6. *Educational attainment, living arrangements, marital status, and household and family statistics are from the Current Population Survey (CPS) Annual Social and Economic Supplement produced in March of each year. It includes the civilian non-institutional population plus armed forces living off post or with their families on post.*
7. *Marital status includes householders whose race was reported as only one race (rather than in combination with one or more other races) after 2003.*
8. *A household is an occupied housing unit.*
9. *In table titles, "family" is used to refer to a family household. In general, family consists of those related to each other by birth, marriage or adoption. A non-family household consists of a householder living alone (a one-person household) or where the householder shares the home only with people to whom he/she is not related.*
10. *Net divorce rate is calculated as currently divorced as a percentage of ever married.*

From 1980 through 2024, 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 9 years or 30%, from 30 years old in 1980 to 39 years old in 2024.

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

- the share of the US population of non-Hispanic white people has decreased 18 percentage points since 1990 to 58% of our population in 2024, with other races and ethnicities increasing over this same time.
- the share of foreign-born individuals within our population has increased 4 percentage points since 2000 to 15% of our population in 2024. Foreign-born individuals in 2024:
  - have a higher labor participation rate (68%) than native-born individuals (63%);
  - work in more manual jobs (e.g. service, natural resources, construction, maintenance, moving); and
  - have lower annual earnings (57% earned $50,000 or more) than native-born individuals (65% earned $50,000 or more).
- our annual population growth from migration (2.8 million in 2024) surpassed the growth from births and deaths (0.5 million in 2024).

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

*We're becoming more educated* – the rate of individuals with less than a high school diploma has decreased 16 percentage points since 1990 to 9%, while the share of adults 25 years and over with at least some college experience has increased 18 percentage points to 63% in 2024.

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

- the size of the average household (a person or people residing together in a housing unit) has decreased 0.3 people or 9% since 1980 to 2.5 people per household in 2024, 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 0.1 people or 4% since 1980 to 3.2 people per family in 2024;
- the share of households that comprise married families has decreased 14 percentage points since 1980 to 47% in 2024, while the share of households that comprise unmarried individuals or families has increased 12 percentage points to 53% in 2023, the most recent year available;

- the share of our population that is ages 15 and older and currently married has decreased 11 percentage points for men and 9 percentage points for women since 1980 to 52% and 50%, respectively, in 2024, while the rate of individuals currently divorced has increased 7 percentage points for each men and women to 13% and 16%, respectively, in 2024; and
- the number of young adults (25 – 34 years old) living at home has increased 122% since 1980 to 7.1 million or 16% of all young adults in 2024.

## Demographics by race and ethnicity

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

| | 1980 | 1990 | 2000 | 2010 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total population (in thousands)** | **227,225** | **249,623** | **282,162** | **309,378** | **331,578** | **332,100** | **334,017** | **336,806** | **340,111** | **na** |
| White | 194,713 | 209,367 | 228,530 | 242,235 | 251,706 | 251,516 | 251,994 | 253,005 | 254,282 | na |
| Black/African American | 26,683 | 30,648 | 35,815 | 40,355 | 44,912 | 45,104 | 45,504 | 46,022 | 46,609 | na |
| Asian | 3,729 | 7,549 | 10,706 | 15,261 | 20,225 | 20,462 | 21,114 | 21,898 | 22,825 | na |
| Hispanic | 14,609 | 22,573 | 35,662 | 50,743 | 62,238 | 63,011 | 64,397 | 66,142 | 68,086 | na |
| **Poverty rate of all persons** | **13.0%** | **13.5%** | **11.3%** | **15.1%** | **11.5%** | **11.6%** | **11.5%** | **11.1%** | **10.6%** | **na** |
| White population[1] | 10.2% | 10.7% | 9.5% | 13.0% | 10.1% | 10.0% | 10.5% | 9.7% | 9.2% | na |
| Black[1] | 32.5% | 31.9% | 22.5% | 27.4% | 19.6% | 19.5% | 17.1% | 17.9% | 18.4% | na |
| Asian[1] | na | 12.2% | 9.9% | 12.2% | 8.1% | 9.3% | 8.6% | 9.1% | 7.5% | na |
| Hispanic | 25.7% | 28.1% | 21.5% | 26.5% | 17.0% | 17.1% | 16.9% | 16.6% | 15.0% | na |
| **Crime** | | | | | | | | | | |
| **Total arrests (in thousands)[6]** | **10,458** | **12,333** | **11,042** | **10,703** | **6,731** | **5,211** | **6,528** | **7,059** | **6,985** | **5,765** |
| White | 74.0% | 68.9% | 67.4% | 69.6% | 63.5% | 66.3% | 66.4% | 64.2% | 63.7% | 63.4% |
| Black/African American | 24.2% | 29.2% | 30.3% | 27.7% | 24.7% | 27.5% | 27.6% | 28.8% | 29.6% | 30.4% |
| American Indian/Alaska Native | 1.2% | 1.0% | 1.2% | 1.4% | 2.4% | 2.4% | 2.2% | 2.1% | 2.1% | 2.0% |
| Asian/Pacific Islander | 0.6% | 0.8% | 1.1% | 1.2% | 1.6% | 1.6% | 1.8% | 1.9% | 2.0% | 2.0% |
| **Total sentenced prisoners (in thousands)[7]** | **330** | **774** | **1,394** | **1,614** | **1,221** | **1,205** | **1,230** | **1,254** | **na** | **na** |
| White (non-Hispanic)[8] | 51.3% | 47.4% | 33.8% | 41.3% | 39.0% | 39.3% | 39.8% | 39.3% | na | na |
| Black (non-Hispanic)[8] | 45.6% | 47.1% | 43.8% | 41.5% | 39.0% | 38.5% | 38.5% | 38.6% | na | na |
| Hispanic | 7.7% | 16.8% | 15.6% | 13.5% | 17.8% | 18.1% | 17.7% | 17.9% | na | na |
| **High school dropout rate[2]** | **14.1%** | **12.1%** | **10.9%** | **7.4%** | **5.3%** | **5.1%** | **5.0%** | **na** | **na** | **na** |
| White | 11.4% | 9.0% | 6.9% | 5.1% | 4.8% | 4.4% | 4.1% | na | na | na |
| Black | 19.1% | 13.2% | 13.1% | 8.0% | 4.2% | 3.9% | 5.7% | na | na | na |
| Hispanic | 35.2% | 32.4% | 27.8% | 15.1% | 7.4% | 8.2% | 7.0% | na | na | na |
| **College graduation rate (at 4 yr institutions, within 6 yrs of start)[3]** | **na** | **na** | **na** | **58.4%** | **64.0%** | **64.6%** | **64.6%** | **na** | **na** | **na** |
| White | na | na | na | 61.6% | 67.4% | 67.9% | 68.0% | na | na | na |
| Black | na | na | na | 39.6% | 45.0% | 45.7% | 46.0% | na | na | na |
| Hispanic | na | na | na | 50.2% | 58.7% | 59.2% | 59.3% | na | na | na |
| **Civil rights violations** | | | | | | | | | | |
| **Equal employment charges** | **na** | **na** | **79,896** | **99,922** | **67,448** | **61,331** | **73,485** | **81,055** | **88,531** | **na** |
| By race | na | na | 28,945 | 35,890 | 22,064 | 20,908 | 20,992 | 27,505 | 30,270 | na |
| By ethnicity/national origin | na | na | 7,792 | 11,304 | 6,377 | 6,213 | 5,500 | 6,963 | 8,266 | na |
| By color | na | na | 1,290 | 2,780 | 3,562 | 3,516 | 4,088 | 5,819 | 6,684 | na |
| **Hate crimes based on race/ethnicity/ancestry[4]** | **na** | **na** | **5,359** | **3,988** | **6,735** | **7,103** | **7,039** | **6,465** | **6,349** | **6,108** |

| | 1980 | 1990 | 2000 | 2010 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Employment (as % of working-age population)[5]** | | | | | | | | | | |
| White | 60.0% | 63.7% | 64.9% | 59.4% | 57.3% | 58.6% | 60.0% | 60.2% | 60.0% | 59.6% |
| Black | 52.3% | 56.7% | 60.9% | 52.3% | 53.6% | 55.7% | 58.4% | 59.7% | 59.2% | 58.2% |
| Asian | na | na | 64.8% | 59.9% | 57.3% | 60.6% | 62.7% | 63.1% | 62.7% | 63.1% |
| Hispanic | 57.6% | 61.9% | 65.7% | 59.1% | 58.7% | 61.1% | 63.5% | 63.8% | 63.8% | 63.7% |
| **% of births to mothers under 18 (by race of mother)** | **na** | **4.7%** | **4.1%** | **2.8%** | **1.1%** | **1.0%** | **1.0%** | **1.0%** | **1.0%** | **na** |
| White | na | 3.6% | 3.5% | 1.7% | 0.6% | 0.6% | 0.6% | 0.5% | 0.5% | na |
| Black/African American | na | 10.1% | 7.8% | 4.9% | 1.8% | 1.6% | 1.6% | 1.7% | 1.7% | na |
| Asian/Pacific Islander | na | 2.1% | 1.5% | 0.6% | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% | na |
| Hispanic/Latina (of any race) | na | 6.6% | 6.3% | 4.7% | 1.9% | 1.8% | 1.7% | 1.8% | 1.6% | na |
| **Life expectancy at birth** | **73.7** | **75.4** | **76.8** | **78.7** | **77.0** | **76.4** | **77.5** | **78.4** | **79.0** | **na** |
| White | 74.4 | 76.1 | 77.3 | 78.9 | 77.4 | 76.7 | 77.5 | 78.4 | na | na |
| Black | 68.1 | 69.1 | 71.8 | 75.1 | 71.5 | 71.2 | 72.8 | 74.0 | na | na |
| Hispanic | na | na | na | 81.7 | 77.9 | 77.8 | 80.0 | 81.3 | na | na |
| **Mortality rate (per 100,000 persons)[9]** | **878.3** | **863.8** | **854.0** | **799.5** | **1,027.0** | **1,043.8** | **984.1** | **na** | **na** | **na** |
| White | 892.5 | 888.0 | 900.2 | 861.7 | 1,112.8 | 1,137.1 | 1,081.1 | na | na | na |
| Black/African American | 875.4 | 871.0 | 781.1 | 682.2 | 1,025.1 | 1,012.9 | 922.8 | na | na | na |
| Asian/Pacific Islander | 296.9 | 283.3 | 296.6 | 301.1 | 1,038.5 | 1,113.7 | 995.7 | na | na | na |
| American Indian/Alaska Native | 487.4 | 402.8 | 380.8 | 365.1 | 612.1 | 662.6 | 580.0 | na | na | na |
| Hispanic | na | na | 303.8 | 286.2 | 498.6 | 503.9 | 433.0 | na | na | na |
| Non-Hispanic | na | na | 929.6 | 897.6 | 1,144.5 | 1,166.4 | 1,110.7 | na | na | na |
| **Infant (under 1 year old) mortality (per 1,000 births)** | **na** | **8.9** | **6.9** | **6.1** | **5.4** | **5.4** | **5.6** | **5.6** | **na** | **na** |
| White | na | 7.3 | 5.7 | 5.2 | 4.5 | 4.5 | 4.7 | 4.7 | na | na |
| Black/African American | na | 16.9 | 13.5 | 11.2 | 10.0 | 10.1 | 10.4 | 10.5 | na | na |
| Asian/Pacific Islander | na | 6.6 | 4.9 | 4.3 | 3.5 | 4.0 | 4.0 | 4.0 | na | na |
| Hispanic/Latina (of any race) | na | 7.5 | 5.6 | 5.3 | 4.7 | 4.8 | 4.9 | 5.0 | na | na |
| **Number of children in foster care on September 30** | **na** | **na** | **552,000** | **404,878** | **407,332** | **391,641** | **368,530** | **340,069** | **328,963** | **na** |
| White | na | na | 38% | 41% | 43% | 43% | 43% | 41% | 40% | na |
| Black | na | na | 39% | 29% | 23% | 22% | 23% | 24% | 25% | na |
| Hispanic | na | na | 15% | 21% | 22% | 22% | 22% | 22% | 21% | na |
| Asian | na | na | 1% | 1% | 1% | 1% | 1% | 1% | 1% | na |

† *Sources: US Census Bureau, Bureau of Labor Statistics, CDC and Prevention, HHS, Bureau of Justice Statistics, Federal Bureau of Investigation, National Center for Education Statistics.*

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

1. *Includes mixed races prior to 2002.*
2. *16-24 years old who are not enrolled in school and who have not completed a high school program, regardless of when they left school.*
3. *Data are for 4-year degree-granting postsecondary institutions participating in Title IV federal financial aid programs. Graduation rates refer to students receiving bachelor's degrees from their initial institutions of attendance only. Graduation rate is for cohort starting six years earlier. Totals include data for persons whose race/ethnicity was not reported. Race categories exclude persons of Hispanic ethnicity.*
4. *A hate crime is a traditional offense like murder, arson, or vandalism with an added element of bias. For the purposes of collecting statistics, the FBI has defined a hate crime as a "criminal offense against a person or property motivated in whole or in part by an offender's bias against a race, religion, disability, sexual orientation, ethnicity, gender, or gender identity." Hate itself is not a crime—and the FBI is mindful of protecting freedom of speech and other civil liberties.*
5. *Total employment is from the current employment statistics survey and represents average annual national non-farm employment. All self-employed workers, both incorporated and unincorporated, are excluded from these earnings estimates.*
6. *Arrests include each separate instance in which a person is arrested, cited, or summoned for an offense. A single arrest may be for a single criminal incident or for many incidents that occurred over a long time period. Because a person may be arrested multiple times during a year, arrest figures do not reflect the number of individuals who have been arrested. Rather, the arrest data show the number of times that persons are arrested, as reported by law enforcement agencies. Data reflect the hierarchy of offenses, meaning that the most serious offense in a multiple-offense arrest instance is used to characterize the arrest.*
7. *Sentenced prisoners are prisoners with sentences of more than 1 year under the jurisdiction of state or federal correctional officials.*
8. *Data source used to estimate race and Hispanic origin changed in 2010. Use caution when comparing to prior years.*
9. *In 2018, the CDC changed how it captures mortality by race. Beginning in 2018, individuals could be identified as more than one race and included in a multiracial category. Prior to 2018, multiracial individuals would have been captured in a single race category. Mortality data by race should not be compared from before and after 2018 due to this change.*

## Black population

| | 1980 | 1990 | 2000 | 2010 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|
| **Black population (in thousands)** | **26,683** | **30,648** | **35,815** | **40,355** | **44,912** | **45,104** | **45,504** | **46,022** | **46,609** |
| % of total population | 11.8% | 12.0% | 12.3% | 13.0% | 13.5% | 13.6% | 13.6% | 13.7% | 13.7% |
| **Age and gender** | | | | | | | | | |
| Male | 47.3% | 47.2% | 47.5% | 47.7% | 48.1% | 48.1% | 48.1% | 48.1% | 48.1% |
| Female | 52.7% | 52.8% | 52.5% | 52.3% | 51.9% | 51.9% | 51.9% | 51.9% | 51.9% |
| <5 years of age | 9.2% | 9.2% | 8.1% | 7.6% | 6.7% | 6.7% | 6.6% | 6.5% | 6.5% |
| 5 to 14 years | 19.5% | 17.7% | 18.3% | 15.3% | 14.3% | 14.2% | 14.0% | 13.8% | 13.6% |
| 15 to 24 years | 21.6% | 17.1% | 16.0% | 16.9% | 14.4% | 14.3% | 14.3% | 14.4% | 14.4% |
| 25 to 34 years | 15.9% | 18.1% | 14.9% | 14.1% | 15.7% | 15.6% | 15.6% | 15.5% | 15.4% |
| 35 to 44 years | 10.2% | 14.0% | 15.9% | 13.5% | 13.2% | 13.3% | 13.5% | 13.6% | 13.8% |
| 45 to 54 years | 8.6% | 8.9% | 11.8% | 14.0% | 12.2% | 12.0% | 11.9% | 11.8% | 11.8% |
| 55 to 64 years | 7.2% | 6.7% | 6.8% | 9.9% | 11.8% | 11.8% | 11.6% | 11.5% | 11.3% |
| 65+ years | 7.8% | 8.4% | 8.1% | 8.7% | 11.8% | 12.1% | 12.5% | 12.9% | 13.3% |
| 18+ years | 64.5% | 68.0% | 68.6% | 72.0% | 74.7% | 74.9% | 75.0% | 75.2% | 75.5% |
| Median age (years) | 24.9 | 28.3 | 30.2 | 32.1 | 34.2 | 34.5 | 34.6 | 34.8 | 35.1 |
| **Regional[1]** | | | | | | | | | |
| Northeast | 18.3% | 18.7% | 17.6% | 16.8% | na | 15.7% | 15.6% | 15.6% | 15.7% |
| Midwest | 20.1% | 19.0% | 18.8% | 17.9% | na | 17.2% | 17.0% | 16.9% | 17.0% |
| South | 53.0% | 52.8% | 54.8% | 56.5% | na | 58.3% | 58.7% | 58.7% | 58.6% |
| West | 8.5% | 9.4% | 8.9% | 8.8% | na | 8.8% | 8.7% | 8.7% | 8.8% |
| **Educational attainment[2]** | | | | | | | | | |
| Population 25 years and over (in thousands) | na | 15,761 | 19,858 | 22,969 | 27,822 | 28,160 | 28,565 | na | 29,300 |
| Less than high school graduate | na | 32.9% | 27.7% | 18.4% | 13.4% | 12.5% | 12.3% | na | 11.9% |
| High school graduate | na | 29.7% | 29.8% | 32.6% | 30.5% | 30.5% | 31.2% | na | 30.7% |
| Some college or associate's degree | na | 25.3% | 28.2% | 29.2% | 28.2% | 28.7% | 28.8% | na | 27.8% |
| Bachelor's degree | na | 8.0% | 9.5% | 13.3% | 18.0% | 17.2% | 17.1% | na | 18.4% |
| Graduate or professional degree | na | 4.1% | 4.8% | 6.5% | 9.9% | 10.8% | 10.4% | na | 11.2% |
| **Income** | | | | | | | | | |
| Number of households (in thousands) | 8,847 | 10,670 | 13,170 | 15,270 | 17,320 | 17,700 | 18,080 | 18,040 | 18,590 |
| Earning <$15,000 annually | 21.2% | 21.2% | 14.9% | 18.6% | 14.5% | 13.4% | 13.0% | 13.8% | 13.2% |
| $15,000 to $24,999 | 15.6% | 13.8% | 10.7% | 12.2% | 10.4% | 11.0% | 9.4% | 9.6% | 9.7% |
| $25,000 to $34,999 | 12.5% | 10.1% | 10.4% | 10.9% | 8.9% | 9.2% | 9.9% | 8.3% | 9.1% |
| $35,000 to $49,999 | 13.7% | 13.1% | 13.5% | 13.2% | 12.7% | 12.4% | 12.2% | 12.4% | 12.7% |
| $50,000 to $74,999 | 16.9% | 16.1% | 17.8% | 16.3% | 16.4% | 16.6% | 18.3% | 17.1% | 17.1% |
| $75,000 or more | 20.0% | 25.7% | 32.7% | 28.9% | 37.1% | 37.4% | 37.3% | 38.8% | 38.2% |
| **Employment** | | | | | | | | | |
| Population 16 years and over (in thousands) | 17,824 | 21,477 | 24,902 | 28,708 | 33,344 | 33,613 | 34,131 | 34,667 | 35,003 |
| Civilian labor force | 61.0% | 64.0% | 65.8% | 62.2% | 60.5% | 60.9% | 62.2% | 63.1% | 63.0% |
| Employed | 52.3% | 56.7% | 60.9% | 52.3% | 53.6% | 55.7% | 58.4% | 59.6% | 59.0% |
| Unemployed | 8.7% | 7.3% | 5.0% | 9.9% | 6.9% | 5.2% | 3.8% | 3.5% | 4.0% |
| Not in labor force | 39.0% | 36.0% | 34.2% | 37.8% | 39.5% | 39.1% | 37.8% | 36.9% | 37.0% |

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

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

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

2. *The CPS Annual Social Economic Supplement data was released in 2023. However, the Census Bureau did not release detailed educational attainment data by race/ethnicity that year.*

## Hispanic population

| | 1980 | 1990 | 2000 | 2010 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|
| **Hispanic population (in thousands)** | **14,609** | **22,573** | **35,662** | **50,743** | **62,238** | **63,011** | **64,397** | **66,142** | **68,086** |
| % of total population | 6.4% | 8.8% | 12.5% | 16.4% | 18.8% | 19.0% | 19.3% | 19.6% | 20.0% |
| **Age and gender** | | | | | | | | | |
| Male | 49.8% | 50.8% | 51.4% | 50.7% | 50.7% | 50.6% | 50.6% | 50.6% | 50.6% |
| Female | 50.2% | 49.2% | 48.6% | 49.3% | 49.3% | 49.4% | 49.4% | 49.4% | 49.4% |
| <5 years of age | 11.4% | 10.6% | 10.5% | 10.1% | 8.1% | 7.9% | 7.8% | 7.8% | 7.7% |
| 5 to 14 years | 20.6% | 19.0% | 19.2% | 18.4% | 17.5% | 17.2% | 16.8% | 16.3% | 16.0% |
| 15 to 24 years | 21.9% | 19.1% | 18.6% | 17.5% | 16.4% | 16.4% | 16.6% | 16.8% | 16.9% |
| 25 to 34 years | 17.1% | 20.0% | 18.4% | 16.7% | 15.4% | 15.3% | 15.3% | 15.3% | 15.4% |
| 35 to 44 years | 10.7% | 13.3% | 14.5% | 14.5% | 14.4% | 14.4% | 14.3% | 14.2% | 14.2% |
| 45 to 54 years | 8.1% | 7.8% | 8.9% | 10.9% | 11.9% | 12.0% | 12.1% | 12.1% | 12.1% |
| 55 to 64 years | 5.3% | 5.3% | 4.8% | 6.4% | 8.6% | 8.8% | 8.9% | 9.0% | 9.1% |
| 65+ years | 4.9% | 4.8% | 4.9% | 5.6% | 7.7% | 8.0% | 8.3% | 8.5% | 8.8% |
| 18+ years | 61.5% | 65.1% | 65.0% | 66.1% | 69.3% | 69.7% | 70.1% | 70.6% | 71.1% |
| Median age (years) | 23.2 | 25.6 | 25.8 | 27.3 | 30.1 | 30.5 | 30.7 | 30.9 | 31.2 |
| **Regional[1]** | | | | | | | | | |
| Northeast | 17.8% | 16.6% | 14.9% | 13.9% | na | 14.0% | 14.0% | 13.9% | 14.0% |
| Midwest | 8.7% | 7.6% | 8.8% | 9.2% | na | 9.3% | 9.3% | 9.7% | 9.7% |
| South | 30.6% | 30.4% | 32.8% | 36.1% | na | 38.1% | 38.5% | 39.1% | 39.6% |
| West | 42.8% | 45.4% | 43.5% | 40.8% | na | 38.6% | 38.2% | 37.4% | 36.8% |
| **Educational attainment[2]** | | | | | | | | | |
| Population 25 years and over (in thousands) | na | 11,227 | 18,270 | 26,375 | 35,206 | 35,893 | 36,824 | na | 38,930 |
| Less than high school graduate | na | 50.2% | 47.6% | 39.4% | 28.8% | 28.8% | 27.5% | na | 27.2% |
| High school graduate | na | 21.6% | 22.1% | 27.4% | 28.1% | 28.5% | 30.0% | na | 29.9% |
| Some college or associate's degree | na | 19.1% | 19.9% | 19.3% | 22.3% | 22.2% | 21.6% | na | 20.7 |
| Bachelor's degree | na | 5.9% | 6.7% | 10.1% | 14.4% | 14.5% | 14.5% | na | 15.6% |
| Graduate or professional degree | na | 3.3% | 3.8% | 3.8% | 6.5% | 6.1% | 6.4% | na | 6.6% |
| **Income** | | | | | | | | | |
| Number of households (in thousands) | 3,906 | 6,220 | 10,030 | 14,440 | 18,340 | 19,230 | 19,320 | 19,860 | 21,100 |
| Earning <$15,000 annually | 12.9% | 12.5% | 9.0% | 11.8% | 8.6% | 9.7% | 9.4% | 8.4% | 8.4% |
| $15,000 to $24,999 | 12.5% | 13.0% | 9.8% | 10.9% | 8.1% | 7.2% | 7.4% | 7.4% | 6.7% |
| $25,000 to $34,999 | 12.3% | 11.5% | 11.1% | 11.0% | 7.9% | 8.7% | 8.6% | 8.2% | 8.0% |
| $35,000 to $49,999 | 16.2% | 14.1% | 14.0% | 14.6% | 13.5% | 12.1% | 11.8% | 12.2% | 11.7% |
| $50,000 to $74,999 | 19.8% | 19.9% | 19.9% | 17.6% | 17.5% | 18.2% | 18.3% | 18.7% | 17.9% |
| $75,000 or more | 26.4% | 29.1% | 36.2% | 34.0% | 44.5% | 44.3% | 44.4% | 45.0% | 47.4% |
| **Employment** | | | | | | | | | |
| Population 16 years and over (in thousands) | 9,598 | 15,904 | 23,938 | 33,713 | 44,182 | 44,902 | 46,171 | 47,532 | 48,922 |
| Civilian labor force | 64.0% | 67.4% | 69.7% | 67.5% | 65.6% | 65.5% | 66.3% | 66.9% | 67.2% |
| Employed | 57.6% | 61.9% | 65.7% | 59.0% | 58.7% | 61.1% | 63.5% | 63.8% | 63.8% |
| Unemployed | 6.5% | 5.5% | 4.0% | 8.4% | 6.8% | 4.4% | 2.8% | 3.1% | 3.4% |
| Not in labor force | 36.0% | 32.6% | 30.3% | 32.5% | 34.4% | 34.5% | 33.7% | 33.1% | 32.8% |

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

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

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

2. *The CPS Annual Social Economic Supplement data was released in 2023. However, the Census Bureau did not release detailed educational attainment data by race/ethnicity that year.*

# Demographics of native-born and foreign-born population

## Native-born population

| | 2000 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total population (in thousands)[1]** | **281,422** | **288,378** | **309,350** | **321,419** | **328,240** | **na** | **331,894** | **333,288** | **334,915** | **340,111** |
| Native-born | 250,314 | 252,688 | 269,394 | 278,128 | 283,307 | na | 286,624 | 287,105 | 287,083 | 289,876 |
| Foreign-born | 31,108 | 35,690 | 39,956 | 43,290 | 44,933 | na | 45,270 | 46,182 | 47,831 | 50,235 |
| Foreign-born; naturalized | 12,543 | 14,968 | 17,476 | 20,697 | 23,183 | na | 24,044 | 24,509 | 24,970 | 25,838 |
| Foreign-born; not a US citizen | 18,565 | 20,722 | 22,480 | 22,593 | 21,750 | na | 21,226 | 21,673 | 22,861 | 24,397 |
| **Native-born demographics (in thousands)[1]** | **250,314** | **252,688** | **269,394** | **278,128** | **283,307** | **na** | **286,624** | **287,105** | **287,083** | **289,876** |
| White | na | 78.6% | 78.0% | 77.2% | 76.3% | na | 67.5% | 67.4% | 67.2% | 66.8% |
| Black/African American | na | 12.8% | 13.2% | 13.2% | 13.3% | na | 12.6% | 12.7% | 12.6% | 12.6% |
| Asian | na | 1.6% | 1.8% | 2.1% | 2.3% | na | 2.4% | 2.5% | 2.5% | 2.7% |
| Hispanic | na | 9.9% | 11.9% | 13.3% | 14.3% | na | 14.9% | 15.0% | 15.2% | 15.6% |
| Non-Hispanic, white only | na | 73.3% | 70.3% | 68.2% | 66.7% | na | 64.6% | 64.3% | 64.0% | 63.3% |
| Median age (years) | na | 35.7 | 35.9 | 36.0 | 36.5 | na | 36.7 | 36.9 | 37.1 | 37.1 |
| **Educational attainment** | | | | | | | | | | |
| Population 25 years and over (in thousands) | na | 159,699 | 170,663 | 178,726 | 185,345 | na | 188,004 | 188,924 | 189,600 | 191,774 |
| Less than high school graduate | na | 12.7% | 11.0% | 9.4% | 8.2% | na | 7.4% | 7.2% | 7.0% | 6.8% |
| High school graduate | na | 30.8% | 29.7% | 28.6% | 27.9% | na | 27.2% | 26.9% | 26.8% | 26.6% |
| Some college or associate's degree | na | 29.2% | 30.9% | 31.1% | 30.7% | na | 30.1% | 30.0% | 29.8% | 29.5% |
| Bachelor's degree | na | 17.5% | 18.1% | 19.4% | 20.7% | na | 21.8% | 22.2% | 22.4% | 22.7% |
| Graduate or professional degree | na | 9.8% | 10.3% | 11.4% | 12.5% | na | 13.5% | 13.7% | 14.0% | 14.4% |
| **Employment** | | | | | | | | | | |
| Population 16 years and over (in thousands) | na | na | 206,115 | 214,802 | 220,650 | na | 223,839 | 225,509 | 225,655 | 228,638 |
| In labor force | na | na | 63.8% | 62.6% | 62.9% | na | 62.3% | 62.9% | 63.1% | 63.2% |
| Civilian labor force | na | na | 63.3% | 62.1% | 62.4% | na | 61.8% | 62.3% | 62.6% | 62.6% |
| Employed | na | na | 56.3% | 58.1% | 59.5% | na | 57.9% | 59.6% | 59.8% | 59.7% |
| Unemployed | na | na | 6.9% | 4.0% | 2.9% | na | 3.9% | 2.7% | 2.7% | 2.9% |
| Armed Forces | na | na | 0.5% | 0.4% | 0.5% | na | 0.6% | 0.6% | 0.5% | 0.5% |
| Not in labor force | na | na | 36.2% | 37.4% | 37.1% | na | 37.7% | 37.1% | 36.9% | 36.8% |
| Total civilian employed (in thousands) | na | 115,788 | 116,126 | 124,810 | 131,204 | na | 129,536 | 134,370 | 134,977 | 136,560 |
| Management, business, science, and arts | na | 35.3% | 37.4% | 38.4% | 41.0% | na | 43.2% | 43.6% | 44.3% | 44.7% |
| Service occupations | na | 15.2% | 16.6% | 16.7% | 16.6% | na | 15.2% | 15.2% | 15.4% | 15.5% |
| Sales and office | na | 27.3% | 26.4% | 25.0% | 21.6% | na | 21.2% | 20.9% | 20.3% | 20.3% |
| Natural resources, construction, and maintenance | na | 9.9% | 8.4% | 8.2% | 8.1% | na | 7.8% | 7.7% | 7.6% | 7.4% |
| Production, transportation, and moving | na | 12.4% | 11.2% | 11.8% | 12.8% | na | 12.7% | 12.6% | 12.4% | 12.0% |
| **Annual earnings** | | | | | | | | | | |
| Population 16+ years with earnings (in thousands) | na | 77,501 | 80,425 | 87,849 | 94,993 | na | 92,422 | 98,144 | 98,953 | 99,786 |
| Earning <$15,000 annually | na | 6.9% | 5.9% | 5.1% | 4.2% | na | 3.8% | 3.5% | 3.2% | 3.0% |
| $15,000 to $24,999 | na | 16.4% | 13.9% | 12.8% | 10.0% | na | 7.3% | 6.1% | 5.5% | 4.8% |
| $25,000 to $34,999 | na | 19.3% | 17.0% | 15.8% | 14.6% | na | 12.7% | 11.8% | 10.4% | 9.4% |
| $35,000 to $49,999 | na | 22.2% | 21.6% | 20.6% | 19.9% | na | 19.0% | 19.0% | 18.7% | 17.7% |
| $50,000 to $74,999 | na | 19.6% | 21.8% | 22.3% | 23.4% | na | 24.6% | 24.5% | 25.3% | 25.5% |
| $75,000 or more | na | 15.6% | 19.8% | 23.5% | 27.9% | na | 32.6% | 35.2% | 37.0% | 39.6% |

† *Source: US Census Bureau.*

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

1. *2005-2019 and 2021-2024 data is sourced from the ACS and therefore total population may differ from other tables; 2000 data is sourced from the decennial census survey. Due to the impact of the COVID-19 pandemic, the Census Bureau changed the 2020 ACS release. Instead of providing the standard 1-year data products, the Census Bureau released experimental estimates from the 1-year data. USAFacts decided not to use the experimental estimates for 2020. USAFacts does not include the experimental 2020 estimates because the US Census Bureau has stated they are experimental only and should not be compared to any other ACS data.*

## Foreign-born population

| | 2000 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total population (in thousands)[1]** | **281,422** | **288,378** | **309,350** | **321,419** | **328,240** | **na** | **331,894** | **333,288** | **334,915** | **340,111** |
| Native-born | 250,314 | 252,688 | 269,394 | 278,128 | 283,307 | na | 286,624 | 287,105 | 287,083 | 289,876 |
| Foreign-born | 31,108 | 35,690 | 39,956 | 43,290 | 44,933 | na | 45,270 | 46,182 | 47,831 | 50,235 |
| Foreign-born; naturalized | 12,543 | 14,968 | 17,476 | 20,697 | 23,183 | na | 24,044 | 24,509 | 24,970 | 25,838 |
| Foreign-born; not a US citizen | 18,565 | 20,722 | 22,480 | 22,593 | 21,750 | na | 21,226 | 21,673 | 22,861 | 24,397 |
| **Foreign-born demographics (in thousands)[1]** | **31,108** | **35,690** | **39,956** | **43,290** | **44,933** | **na** | **45,270** | **46,182** | **47,831** | **50,235** |
| White | na | 46.7% | 47.9% | 47.0% | 45.2% | na | 20.8% | 20.3% | 20.1% | 19.6% |
| Black/African American | na | 7.6% | 8.3% | 8.9% | 9.7% | na | 9.0% | 9.3% | 9.2% | 9.4% |
| Asian | na | 23.5% | 24.5% | 26.6% | 27.2% | na | 27.1% | 27.2% | 26.8% | 26.9% |
| Hispanic | na | 47.0% | 47.1% | 45.0% | 44.2% | na | 44.0% | 44.1% | 44.9% | 45.1% |
| Non-Hispanic, white only | na | 20.9% | 18.8% | 18.1% | 17.4% | na | 16.8% | 16.2% | 15.9% | 15.5% |
| Median age (years) | na | 39.3 | 41.4 | 43.9 | 45.7 | na | 46.6 | 46.7 | 46.8 | 46.7 |
| **Educational attainment** | | | | | | | | | | |
| Population 25 years and over (in thousands) | na | 29,252 | 33,626 | 37,721 | 39,554 | na | 40,189 | 40,783 | 42,191 | 44,136 |
| Less than high school graduate | na | 32.4% | 31.7% | 29.3% | 26.3% | na | 25.6% | 24.9% | 24.7% | 24.3% |
| High school graduate | na | 22.8% | 22.5% | 22.5% | 22.3% | na | 22.1% | 22.1% | 22.0% | 22.0% |
| Some college or associate's degree | na | 18.1% | 18.8% | 18.7% | 18.7% | na | 18.5% | 18.3% | 18.3% | 17.8% |
| Bachelor's degree | na | 15.7% | 15.9% | 17.0% | 18.5% | na | 18.6% | 19.1% | 19.2% | 19.6% |
| Graduate or professional degree | na | 11.0% | 11.1% | 12.4% | 14.2% | na | 15.2% | 15.6% | 15.8% | 16.2% |
| **Employment** | | | | | | | | | | |
| Population 16 years and over (in thousands) | na | na | 37,718 | 41,366 | 42,884 | na | 43,219 | 44,046 | 45,468 | 47,611 |
| In labor force | na | na | 67.7% | 66.0% | 66.9% | na | 66.4% | 66.9% | 67.5% | 67.8% |
| Civilian labor force | na | na | 67.6% | 65.8% | 66.7% | na | 66.2% | 66.7% | 67.3% | 67.6% |
| Employed | na | na | 60.7% | 62.2% | 64.3% | na | 62.1% | 64.1% | 64.6% | 64.5% |
| Unemployed | na | na | 6.9% | 3.6% | 2.4% | na | 4.1% | 2.6% | 2.7% | 3.0% |
| Armed forces | na | na | 0.1% | 0.1% | 0.2% | na | 0.2% | 0.2% | 0.2% | 0.2% |
| Not in labor force | na | na | 32.3% | 34.0% | 33.1% | na | 33.6% | 33.1% | 32.5% | 32.2% |
| Total civilian employed (in thousands) | na | 20,671 | 22,908 | 25,724 | 27,554 | na | 26,844 | 28,220 | 29,370 | 30,733 |
| Management and professional | na | 27.2% | 28.6% | 31.0% | 34.6% | na | 37.4% | 37.4% | 37.8% | 38.1% |
| Service occupations | na | 22.2% | 25.1% | 24.0% | 22.8% | na | 20.6% | 20.5% | 20.9% | 21.0% |
| Sales and office | na | 18.3% | 17.8% | 16.9% | 14.6% | na | 14.5% | 14.6% | 13.9% | 13.8% |
| Natural resources, construction, and maintenance | na | 15.3% | 13.0% | 13.1% | 12.5% | na | 12.3% | 12.2% | 12.1% | 12.0% |
| Production, transportation, and moving | na | 16.9% | 15.5% | 15.0% | 15.5% | na | 15.3% | 15.3% | 15.2% | 15.1% |
| **Annual earnings** | | | | | | | | | | |
| Population 16+ years with earnings (in thousands) | na | 14,266 | 16,023 | 18,499 | 20,860 | na | 19,360 | 21,022 | 21,927 | 22,893 |
| Earning <$15,000 annually | na | 13.4% | 10.4% | 7.5% | 5.1% | na | 4.5% | 3.9% | 3.8% | 3.5% |
| $15,000 to $24,999 | na | 25.6% | 23.4% | 20.8% | 14.7% | na | 10.0% | 8.5% | 7.8% | 7.1% |
| $25,000 to $34,999 | na | 18.4% | 17.7% | 17.7% | 17.8% | na | 15.7% | 15.1% | 13.7% | 12.8% |
| $35,000 to $49,999 | na | 16.6% | 17.1% | 17.3% | 18.9% | na | 18.8% | 19.6% | 19.8% | 19.6% |
| $50,000 to $74,999 | na | 13.5% | 14.7% | 15.8% | 17.8% | na | 19.6% | 20.2% | 20.9% | 21.0% |
| $75,000 or more | na | 12.6% | 16.7% | 20.9% | 25.7% | na | 31.5% | 32.7% | 34.1% | 36.1% |

† *Source: US Census Bureau.*

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

1. *2005-2019 and 2021-2024 data is sourced from the ACS and therefore total population may differ from other tables; 2000 data is sourced from the decennial census survey. Due to the impact of the COVID-19 pandemic, the Census Bureau changed the 2020 ACS release. Instead of providing the standard 1-year data products, the Census Bureau released experimental estimates from the 1-year data. USAFacts decided not to use the experimental estimates for 2020. USAFacts does not include the experimental 2020 estimates because the US Census Bureau has stated they are experimental only and should not be compared to any other ACS data.*

## Cohorts of our population

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

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

- single person under 65 with no children under 18
- single person under 65 with children under 18
- married couple with head of household under 65 with no children under 18
- married couple with head of household under 65 with children under 18
- head of household aged 65 or over

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

We use these FIU groupings to present certain information because:

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

See *Exhibit 99.07* for more information on the creation of these cohorts. We have included certain cohorts in this section of the document and others in *Part II. Item 7. Management's Discussion and Analysis / Key metrics by segment*. Additional cohorts are available on our website at https://usafacts.org.

# Family structure and income cohorts (calendar year 2023)

| | | Average Per Unit | | | Top Earner by Gender | | Race, Ethnicity of Unit Head (all ethnicities) | | | | | | | | Region | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Family and Individual Unit Subgroup/Income % | # of Units (in K) | Persons | Children (Under 18) | Age of Unit Head | % Male | % Female | % White | % Black | % Asian | % Other Race | % Hispanic (all races) | % US-Born | % Urban | % Rural | % NE | % MW | % S | % W |
| **All family and individual units** | **154,430** | **2.2** | **0.5** | **50.8** | **56%** | **44%** | **78%** | **14%** | **6%** | **2%** | **16%** | **83%** | **83%** | **17%** | **17%** | **21%** | **39%** | **23%** |
| Bottom 5% ($0) | 5,105 | 1.5 | 0.3 | 49.9 | 43% | 57% | 68% | 23% | 6% | 3% | 24% | 79% | 79% | 21% | 17% | 18% | 44% | 22% |
| Bottom 5%-20% ($0-$12K) | 23,166 | 1.5 | 0.2 | 55.1 | 44% | 56% | 74% | 18% | 5% | 3% | 17% | 82% | 79% | 21% | 16% | 20% | 40% | 23% |
| Second 20% ($12K-$45K) | 30,883 | 1.8 | 0.3 | 54.4 | 48% | 52% | 77% | 16% | 4% | 2% | 19% | 83% | 80% | 20% | 16% | 22% | 41% | 22% |
| Middle 20% ($45K-$87K) | 30,890 | 2.0 | 0.4 | 49.6 | 56% | 44% | 77% | 15% | 5% | 2% | 19% | 82% | 82% | 18% | 16% | 22% | 39% | 23% |
| Fourth 20% ($87K-$160K) | 30,887 | 2.5 | 0.6 | 48.0 | 62% | 38% | 80% | 12% | 7% | 2% | 16% | 83% | 84% | 16% | 17% | 21% | 38% | 24% |
| Top 2%-20% ($160K-$1,010K) | 29,341 | 2.9 | 0.7 | 49.0 | 67% | 33% | 81% | 8% | 10% | 1% | 11% | 83% | 87% | 13% | 19% | 21% | 35% | 25% |
| Top 1% ($1,010K+) | 1,544 | 3.0 | 0.7 | 51.5 | 72% | 28% | 82% | 6% | 11% | 1% | 7% | 84% | 91% | 9% | 21% | 20% | 33% | 27% |
| **Married no kids** | **23,597** | **2.4** | **—** | **50.3** | **69%** | **31%** | **82%** | **9%** | **8%** | **2%** | **16%** | **80%** | **83%** | **17%** | **17%** | **20%** | **40%** | **23%** |
| Bottom 5% | 234 | 2.2 | — | 51.1 | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm |
| Bottom 5%-20% | 871 | 2.2 | — | 52.6 | 65% | 35% | 77% | 13% | 7% | 3% | 22% | 69% | 77% | 23% | 14% | 17% | 42% | 28% |
| Second 20% | 1,326 | 2.4 | — | 51.2 | 68% | 32% | 78% | 9% | 9% | 3% | 27% | 68% | 79% | 21% | 13% | 16% | 44% | 27% |
| Middle 20% | 2,828 | 2.4 | — | 51.4 | 69% | 31% | 81% | 10% | 7% | 2% | 22% | 74% | 78% | 22% | 17% | 16% | 43% | 23% |
| Fourth 20% | 7,028 | 2.4 | — | 49.4 | 69% | 31% | 82% | 10% | 6% | 1% | 17% | 81% | 81% | 19% | 15% | 21% | 42% | 21% |
| Top 2%-20% | 10,457 | 2.5 | — | 50.1 | 69% | 31% | 83% | 7% | 9% | 1% | 11% | 84% | 87% | 13% | 18% | 21% | 37% | 23% |
| Top 1% | 608 | 2.5 | — | 51.8 | 72% | 28% | 83% | 5% | 11% | 1% | 8% | 81% | 89% | 11% | 19% | 19% | 39% | 23% |
| **Married parents** | **24,117** | **4.3** | **2.0** | **41.0** | **74%** | **26%** | **79%** | **9%** | **9%** | **2%** | **20%** | **75%** | **84%** | **16%** | **16%** | **22%** | **38%** | **24%** |
| Bottom 5% | 77 | 4.2 | 2.0 | 43.0 | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm |
| Bottom 5%-20% | 532 | 4.3 | 2.1 | 39.9 | 63% | 37% | 71% | 14% | 14% | 2% | 30% | 57% | 82% | 18% | 14% | 19% | 46% | 22% |
| Second 20% | 1,320 | 4.5 | 2.2 | 40.3 | 76% | 24% | 76% | 11% | 9% | 4% | 40% | 53% | 81% | 19% | 15% | 17% | 43% | 25% |
| Middle 20% | 3,346 | 4.5 | 2.2 | 39.0 | 81% | 19% | 79% | 10% | 7% | 4% | 35% | 62% | 81% | 19% | 14% | 18% | 43% | 25% |
| Fourth 20% | 7,917 | 4.2 | 2.0 | 40.0 | 74% | 26% | 81% | 10% | 7% | 2% | 21% | 79% | 82% | 18% | 14% | 23% | 40% | 23% |
| Top 2%-20% | 10,284 | 4.2 | 1.9 | 42.4 | 72% | 28% | 79% | 8% | 11% | 1% | 12% | 80% | 88% | 12% | 18% | 22% | 34% | 25% |
| Top 1% | 517 | 4.4 | 2.0 | 44.2 | 76% | 24% | 78% | 7% | 14% | 2% | 5% | 82% | 93% | 7% | 24% | 21% | 27% | 29% |
| **Single no kids** | **53,544** | **1.2** | **—** | **40.3** | **52%** | **48%** | **74%** | **17%** | **6%** | **2%** | **18%** | **84%** | **84%** | **16%** | **17%** | **21%** | **37%** | **24%** |
| Bottom 5% | 2,298 | 1.1 | — | 41.4 | 48% | 52% | 68% | 23% | 7% | 2% | 22% | 81% | 78% | 22% | 17% | 18% | 43% | 22% |
| Bottom 5%-20% | 9,425 | 1.1 | — | 39.8 | 49% | 51% | 71% | 20% | 6% | 3% | 19% | 81% | 81% | 19% | 16% | 20% | 39% | 25% |
| Second 20% | 12,934 | 1.2 | — | 39.3 | 50% | 50% | 75% | 18% | 5% | 3% | 22% | 83% | 81% | 19% | 15% | 23% | 40% | 22% |
| Middle 20% | 14,267 | 1.2 | — | 39.2 | 54% | 46% | 75% | 18% | 5% | 2% | 18% | 86% | 85% | 15% | 16% | 23% | 38% | 22% |
| Fourth 20% | 9,419 | 1.3 | — | 41.8 | 54% | 46% | 75% | 15% | 8% | 2% | 15% | 86% | 89% | 11% | 20% | 20% | 33% | 26% |
| Top 2%-20% | 4,141 | 1.4 | — | 43.0 | 60% | 40% | 76% | 11% | 12% | 1% | 12% | 84% | 91% | 9% | 22% | 18% | 31% | 29% |
| Top 1% | 135 | 1.3 | — | 45.5 | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm |
| **Single parents** | **13,394** | **2.9** | **1.7** | **36.5** | **27%** | **73%** | **66%** | **27%** | **3%** | **3%** | **27%** | **81%** | **82%** | **18%** | **15%** | **21%** | **42%** | **22%** |
| Bottom 5% | 934 | 2.2 | 1.6 | 24.6 | 26% | 74% | 64% | 27% | 2% | 7% | 29% | 84% | 82% | 18% | 14% | 20% | 43% | 23% |
| Bottom 5%-20% | 2,584 | 2.6 | 1.7 | 32.0 | 22% | 78% | 64% | 29% | 4% | 4% | 29% | 80% | 81% | 19% | 15% | 19% | 43% | 24% |
| Second 20% | 3,882 | 3.1 | 1.9 | 36.8 | 22% | 78% | 65% | 29% | 3% | 3% | 31% | 78% | 80% | 20% | 15% | 20% | 45% | 20% |
| Middle 20% | 3,337 | 3.1 | 1.7 | 38.8 | 29% | 71% | 67% | 28% | 3% | 2% | 26% | 82% | 82% | 18% | 14% | 22% | 43% | 20% |
| Fourth 20% | 1,778 | 3.1 | 1.6 | 41.1 | 38% | 62% | 71% | 22% | 4% | 3% | 22% | 81% | 85% | 15% | 16% | 22% | 38% | 24% |
| Top 2%-20% | 615 | 3.1 | 1.6 | 43.1 | 42% | 58% | 73% | 20% | 5% | 2% | 13% | 81% | 90% | 10% | 20% | 21% | 31% | 28% |
| Top 1% | 18 | 2.9 | 1.4 | 37.9 | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm |
| **Elderly (age 65+)** | **39,779** | **1.7** | **—** | **72.8** | **51%** | **49%** | **83%** | **11%** | **4%** | **1%** | **9%** | **87%** | **79%** | **21%** | **18%** | **22%** | **38%** | **22%** |
| Bottom 5% | 1,562 | 1.3 | — | 73.3 | 43% | 57% | 68% | 22% | 7% | 2% | 22% | 76% | 79% | 21% | 18% | 16% | 42% | 23% |
| Bottom 5%-20% | 9,753 | 1.4 | — | 74.1 | 42% | 58% | 80% | 15% | 4% | 1% | 11% | 86% | 77% | 23% | 18% | 21% | 41% | 21% |
| Second 20% | 11,421 | 1.6 | — | 73.6 | 50% | 50% | 84% | 11% | 3% | 2% | 8% | 90% | 77% | 23% | 17% | 23% | 39% | 20% |
| Middle 20% | 7,112 | 1.8 | — | 72.5 | 53% | 47% | 85% | 9% | 5% | 1% | 8% | 89% | 80% | 20% | 17% | 23% | 36% | 24% |
| Fourth 20% | 4,744 | 2.0 | — | 71.4 | 57% | 43% | 86% | 8% | 5% | 1% | 6% | 88% | 83% | 17% | 19% | 20% | 35% | 25% |
| Top 2%-20% | 3,844 | 2.1 | — | 70.5 | 63% | 37% | 87% | 6% | 6% | 1% | 5% | 87% | 85% | 15% | 20% | 20% | 37% | 22% |
| Top 1% | 266 | 2.1 | — | 69.7 | 71% | 29% | 92% | 3% | 4% | — | 5% | 89% | 91% | 9% | 24% | 15% | 31% | 30% |

† *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.*

nm *An "nm" reference in the table means the figure is not meaningful due to small sample size.*

### Marital status and age

In the US, among the non-elderly, marriage tends to be correlated with higher family incomes. In 2023, a plurality (45%-47% depending on if they have children) of married couple FIUs is in the top 20% by income, meaning they earn at least $160,000 per year. In contrast, among single parents, a plurality, or 29%, is in the second 20% income group, where incomes range from $12,000 to $45,000 per year, and only 5% are in the top 20% income group. Single people without children do slightly better, where a plurality, or 27%, is in the middle 20% income group, where incomes range from $47,000 to $87,000 per year, and only 8% are in the top 20% income 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 of FIUs, or 29%, is in the second 20% income group, where incomes range from $12,000 to $45,000, followed closely by 28% in the bottom income group, where incomes range from zero to $12,000. For reference, in 2023, the FPL level was $14,580 for an individual and $5,140 for each additional person.

### Race and ethnicity

White people make up 78% of all FIUs but just 66% of single-parent FIUs. Asian people are also underrepresented among single-parent FIUs, accounting for 6% of all FIUs and 3% of single-parent FIUs. However, Black people represent 14% of all FIUs and 27% of single-parent FIUs. For people of Hispanic ethnicity: they make up 16% of all FIUs and 27% of single-parent FIUs.

Black people, who make up 14% of all FIUs, account for 19% of the lowest income quintile (earning less than $12,000 a year). At higher income levels, Black representation diminishes, with 6% in the top 1% of income earners. The opposite is true among white people: they make up 78% of all FIUs but 73% of the poorest FIUs and 82% of the wealthiest 1%. People of Hispanic ethnicity, who account for 16% of all FIUs, see 18% of their population in each of the bottom two quintiles and 7% of their population in the top 1% of income earners.

### Gender

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 32% of FIUs in the top 20% by income, who earn over $160,000 a year.

### Geography

Southerners make up 39% of all FIUs and 44% of the poorest FIUs. The opposite is true for Northeasterners, who make up 17% of all FIUs and 21% 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, 2026 were as follows:

| Name | Age | Position with our Government |
|---|---|---|
| Donald Trump | 79 | President |
| JD Vance | 41 | Vice President |
| Mike Johnson | 54 | Speaker of the House |
| Steve Scalise | 60 | House Majority Leader |
| Hakeem Jeffries | 55 | House Minority Leader |
| John Thune | 65 | Senate Majority Leader |
| Charles Schumer | 75 | Senate Minority Leader |
| John Roberts | 71 | Chief Justice |

### President

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

Mr. Trump is the 47th President of the US. He also served as the 45th President of the US from 2017 to 2021. Mr. Trump was 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 was nominated three times for President of the US; he announced his first candidacy on June 16, 2015 and accepted the Republican nomination in July of 2016; announced his second candidacy on February 17, 2017 and accepted the Republican nomination on August 24, 2020; and announced his third candidacy on November 15, 2022 and accepted the Republican nomination on July 18, 2024.

### 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. Vance was born and raised in Middletown, Ohio. After graduating from high school, Mr. Vance served four years in the US Marine Corps including a tour Iraq. Upon returning, Mr. Vance received his bachelor's degree from Ohio State University and his law degree from Yale Law School. After law school, JD found success as an investor in startups across the Midwest, and as the author of his memoir "Hillbilly Elegy." In 2022, JD Vance was elected to the US Senate

representing Ohio. On July 17, 2023, Mr. Vance accepted President Trump's invitation to become his running mate before becoming the 50th Vice President of the US.

## Speaker of the House

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

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

## House Majority Leader

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

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

## House Minority Leader

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

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

## Senate Majority Leader

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

Mr. Thune was born in Pierre, South Dakota. He received his undergraduate degree from Biola University and his master's degree in Business Administration from the University of South Dakota. Mr. Thune worked as a legislative aide for US Senator James Abdnor from 1985 to 1987 and served in various roles, including executive director of the South Dakota Republican Party and state railroad director. In 1996, Mr. Thune was elected to the US House of Representatives, where he served two terms before being elected to the US Senate representing South Dakota in 2004, 2010, 2016, and 2022, when he became the second South Dakotan in history to be elected to a fourth term in the US Senate. Mr. Thune currently serves on the Agriculture, Nutrition, and Forestry; Commerce, Science, and Transportation; and Finance Committees. He has also held various leadership positions, including Senate Republican Whip from 2019-2024, chairman of the Senate Republican Policy Committee from 2009-2011, and chairman of the Senate Republican Conference from 2012-2018.

### 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. Mr. Schumer represented the 9th Congressional District in Brooklyn and Queens for 18 years. In 1998, he was elected to the US Senate. Following the elections of 2006, Majority Leader Harry Reid appointed Mr. Schumer to serve as Vice Chair of the Democratic Conference, the number three position on the Democratic Leadership team.

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

## State and local[34]

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, 2026 were as follows:

| Name | Age | State Represented | Party * |
|---|---|---|---|
| Kay Ivey | 81 | Alabama | R |
| Mike Dunleavy | 64 | Alaska | R |
| Katie Hobbs | 56 | Arizona | D |
| Sarah Huckabee Sanders | 43 | Arkansas | R |
| Gavin Newsom | 58 | California | D |
| Jared Polis | 50 | Colorado | D |
| Ned Lamont | 72 | Connecticut | D |
| Matt Meyer | 54 | Delaware | D |
| Ron DeSantis | 47 | Florida | R |
| Brian Kemp | 62 | Georgia | R |
| Josh Green | 56 | Hawaii | D |
| Brad Little | 72 | Idaho | R |
| Jay (J.B.) Pritzker | 61 | Illinois | D |
| Mike Braun | 71 | Indiana | R |
| Kim Reynolds | 66 | Iowa | R |
| Laura Kelly | 76 | Kansas | D |
| Andy Beshear | 48 | Kentucky | D |
| Jeff Landry | 55 | Louisiana | R |
| Janet Mills | 78 | Maine | D |
| Wes Moore | 47 | Maryland | D |
| Maura Healey | 55 | Massachusetts | D |
| Gretchen Whitmer | 54 | Michigan | D |
| Tim Walz | 61 | Minnesota | D |
| Tate Reeves | 51 | Mississippi | R |
| Mike Kehoe | 64 | Missouri | R |
| Greg Gianforte | 64 | Montana | R |
| Jim Pillen | 70 | Nebraska | R |
| Joe Lombardo | 63 | Nevada | R |
| Kelly Ayotte | 57 | New Hampshire | R |
| Mikie Sherrill | 54 | New Jersey | D |
| Michelle Lujan Grisham | 66 | New Mexico | D |
| Kathy Hochul | 67 | New York | D |
| Josh Stein | 59 | North Carolina | D |
| Kelly Armstrong | 49 | North Dakota | R |
| Richard (Mike) DeWine | 79 | Ohio | R |
| John (Kevin) Stitt | 53 | Oklahoma | R |
| Tina Kotek | 59 | Oregon | D |
| Josh Shapiro | 52 | Pennsylvania | D |
| Dan McKee | 74 | Rhode Island | D |
| Henry McMaster | 78 | South Carolina | R |
| Larry Rhoden | 67 | South Dakota | R |
| Bill Lee | 66 | Tennessee | R |
| Gregory Abbott | 68 | Texas | R |
| Spencer Cox | 50 | Utah | R |
| Phil Scott | 67 | Vermont | R |
| Abigail Spanberger | 46 | Virginia | D |
| Bob Ferguson | 61 | Washington | D |
| Patrick Morrisey | 58 | West Virginia | R |
| Tony Evers | 74 | Wisconsin | D |
| Mark Gordon | 68 | Wyoming | R |

Our other territory leaders as of March 1, 2026 were as follows:

| Name | Age | Area Represented | Party * |
|---|---|---|---|
| Pula'ali'i Nikolao Pula | 70 | American Samoa | R |
| Muriel Bowser | 53 | District of Columbia | D |
| Lou Leon Guerrero | 75 | Guam | D |
| David Apatang | 77 | Northern Mariana Islands | R |
| Jenniffer González Colón | 49 | Puerto Rico | R |
| Albert Bryan | 58 | US Virgin Islands | D |

| * Party Affiliation Key | |
|---|---|
| D | Democrat |
| R | Republican |

## Employees

As of the dates shown below, there were 21.5 million employees of our Government, including:

- 4.3 million federal full-time equivalent employees;
- 4.6 million state full-time equivalent employees, of whom 27% work part-time; and
- 12.6 million local government full-time equivalent employees, of whom 21% work part-time.

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

- education – 43%, of which 75% relate to elementary and secondary education, 24% relate to higher education, and 1% relate to other education;
- active-duty military – 6%;
- hospitals – 6%; and
- police – 6%.

Employees (full-time equivalent) by segment and reporting unit (to the extent allocable) for 2024 were as follows:

| March | Total | State and Local | Federal |
|---|---|---|---|
| **All government employees** | **21,488,509** | **17,168,870** | **4,319,639** |
| **Establish Justice and Ensure Domestic Tranquility** | **2,761,329** | **2,429,043** | **332,286** |
| Police protection | 1,183,751 | 952,690 | 231,061 |
| Fire protection | 399,411 | 399,411 | — |
| Corrections | 683,617 | 648,020 | 35,597 |
| Judicial and legal | 494,550 | 428,922 | 65,628 |
| **Provide for the Common Defense** | **2,153,372** | **—** | **2,153,372** |
| National defense and international relations[1] | 818,039 | — | 818,039 |
| Active-duty military[2] | 1,335,333 | — | 1,335,333 |
| **Promote the General Welfare** | **4,818,693** | **3,608,714** | **1,209,979** |
| Highways | 492,370 | 489,471 | 2,899 |
| Transit | 261,110 | 261,110 | — |
| Air transportation | 99,642 | 54,374 | 45,268 |
| Water transport and terminals | 20,147 | 14,852 | 5,295 |
| Space research and technology | 17,996 | — | 17,996 |
| Public welfare | 538,005 | 525,711 | 12,294 |
| Housing and community development | 123,733 | 110,837 | 12,896 |
| Health | 709,375 | 486,547 | 222,828 |
| Hospitals | 1,394,349 | 1,087,268 | 307,081 |
| Social insurance administration (state and local)[3] | 59,700 | 59,700 | — |
| Solid waste management | 104,739 | 104,739 | — |
| Sewerage | 127,770 | 127,770 | — |
| Water supply | 183,357 | 183,357 | — |
| Electric power | 80,741 | 80,741 | — |
| Gas supply | 11,596 | 11,596 | — |
| Postal service | 583,422 | — | 583,422 |
| State liquor stores | 10,641 | 10,641 | — |
| **Secure the Blessings of Liberty to Ourselves and Our Posterity** | **10,195,890** | **9,912,960** | **282,930** |
| Education | 9,321,231 | 9,313,664 | 7,567 |
| Libraries | 132,946 | 129,671 | 3,275 |
| Parks and Recreation | 320,005 | 294,762 | 25,243 |
| Social Insurance Administration (federal)[3] | 60,289 | — | 60,289 |
| Natural Resources | 361,419 | 174,863 | 186,556 |
| **General Government and Other** | **1,559,225** | **1,218,153** | **341,072** |
| Financial administration | 549,220 | 436,914 | 112,306 |
| Other government administration | 316,065 | 291,458 | 24,607 |
| All other and unallocable | 693,940 | 489,781 | 204,159 |

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

†† *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.*

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 2024, 36% of government employees were represented by unions, including 30% of federal government employees, 31% of state government employees, and 41% of local government employees.[35]

Talented employees are critical to the success of our Government, and the market for talented employees is competitive. The GAO has found that mission-critical skills gaps within the federal workforce pose a high risk to the nation. Regardless of whether the shortfalls are in such government-wide occupations as cybersecurity and acquisitions, or in agency-specific occupations such as nurses at the VHA, skills gaps impede the federal government from cost-effectively serving the public

and achieving results. Agencies can have skills gaps for different reasons: they may have an insufficient number of people or their people may not have the appropriate skills or abilities to accomplish mission-critical work. Moreover, current budget and long-term fiscal pressures, the changing nature of federal work, and a potential wave of employee retirements that could produce gaps in leadership and institutional knowledge, threaten to aggravate the problems created by existing skills gaps. Indeed, the government's capacity to address complex challenges such as disaster response, national and homeland security, and rapidly-evolving technology and privacy security issues requires a skilled federal workforce able to work seamlessly with other agencies, with other levels of government, and across sectors.[36]

### Federal Reduction in Force

On January 20, 2025, President Trump issued a federal government hiring freeze, with certain exceptions.[37] On February 11, 2025, President Trump's Executive Order *Implementing The President's "Department of Government Efficiency" [DOGE] Workforce Optimization Initiative* "commence[d] a critical transformation of the Federal bureaucracy." It directed agencies to "eliminat[e] waste, bloat, and insularity" in order to "empower American families, workers, taxpayers, and our system of Government itself." President Trump required that "Agency Heads shall promptly undertake preparations to initiate large-scale reductions in force (RIFs), consistent with applicable law." President Trump also directed that, no later than March 13, 2025, agencies develop Agency Reorganization Plans.[38] Thereafter, various departments and agencies of the federal government announced reductions in force of over 200,000 in the aggregate as of April 9, 2025.[39]

DOGE estimates savings of $215 billion as of January 1, 2026, from a combination of asset sales, contract/lease cancellations and renegotiations, fraud and improper payment deletion, grant cancellations, interest savings, programmatic changes, regulatory savings, and workforce reductions.[40] It is unclear over what time period these savings are realized - past, present, or future, what portion relates to RIFs, or how the savings relate to other agency actions. Overall, average monthly federal spending from January 2025 through October 2025 remained $443 billion.

## Available information

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

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

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

## Item 1A. Risk Factors

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

## Social Risks

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

Our Government provides services, promulgates regulations, and enacts legislation intended to make progress towards our Constitutional objectives; however, citizens are responsible for making their own choices as to employment,

healthcare, education, and the like. They may choose wisely or poorly, and they may or may not take advantage of the opportunities open to them. For example:

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

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

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

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

Throughout 2020, Domestic Violent Extremists (DVEs) targeted individuals with opposing views engaged in First Amendment-protected, non-violent protest activity. DVEs motivated by a range of issues, including anger over COVID-19 restrictions, the 2020 election results, and police use of force have plotted and on occasion carried out attacks against government facilities, including the January 6, 2021 breach of the US Capitol Building in Washington, D.C. Long-standing racial and ethnic tension—including opposition to immigration—has driven DVE attacks, including a 2019 shooting in El Paso, Texas that killed 23 people.[41]

Looking into 2026, the terrorism threat environment in the Homeland is expected to remain high over the coming year. While al-Qa'ida and ISIS maintain the intent to launch operations targeting the US, the most likely terrorist attack scenario in the Homeland involves US-based lone offenders, such as the New Orleans attacker on New Year's Day in 2025 and the perpetrator of the attack on a pro-Israel gathering in Boulder, Colorado in June 2025.[42]

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

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

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

## Promoting good health faces key challenges.[36]

First, the HI Trust Fund is forecast to be depleted as early as 2029, reflecting rising health-care costs and a relative decline in the number of workers paying payroll taxes. See *Exhibit 99.06* for more information.

Second, epidemics, such as those caused by the Ebola or Zika viruses, and pandemics, such as the one caused by COVID-19, which infected nearly one third of our population and became the third leading cause of death in 2020 and 2021,[43] could bring about widespread illness and loss of life and have a significant negative impact on the US economy. Large numbers of people may need medical care at the same time, causing public health and healthcare systems to become overloaded, with elevated rates of hospitalizations and deaths. Other critical infrastructure, such as law enforcement, emergency medical services, and sectors of the transportation industry may also be affected. Schools, childcare centers, and workplaces may experience absenteeism, and our economy could be negatively impacted. In 2022, the GAO added HHS leadership and coordination of public health emergencies to its high risk list because, for more than a decade, GAO has found persistent deficiencies in HHS's leadership role preparing for and responding to public health emergencies and extreme weather events. Congress established the Office of Pandemic Preparedness and Response Policy in 2022 within the Executive Office of the President by enacting the *Prepare for and Respond to Existing Viruses, Emerging New Threats, and Pandemics Act*. This office, which launched in July 2023, is charged with coordinating federal activities to prepare for, and respond to, pandemic and other biological threats.

Third, in 2021, the GAO added national efforts to prevent, respond to, and recover from drug misuse to its high-risk list, noting "National rates of drug misuse have increased over the past 2 decades and represent a serious risk to public health. This has resulted in significant loss of life and harmful effects to society and the economy, including billions of dollars in costs. GAO identified several challenges in the federal government's response, such as a need for greater leadership and coordination of the national effort, strategic guidance that fulfills all statutory requirements, and more effective implementation and monitoring." As of February 2025, the CDC estimated the number of drug overdose deaths was 86,882 for the year ended September 2024, a 21% decrease from the year ended September 2022. Despite this progress, significant work remains for agencies to determine why the drug overdose deaths rate is declining to better understand what efforts are working. Drug overdose death rates remain at historic highs in the US, demonstrating the need for federal agencies to improve national efforts to prevent, respond to, and recover from drug misuse.

# Data and Cybersecurity Risks

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

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

- each of the sources may prepare the data on different accounting bases (e.g. cash vs. accrual) and for different time periods (e.g. a point in time vs. a full year, calendar year vs. fiscal year), preventing comparability.
- the data is often not provided timely, sometimes years after-the-fact even for material data sets, and prior year data is often restated. For example, the latest date for which we have detailed corporate tax and state and local

tax information is 2022. The latest date for which we have consolidated financial data for our more than 90,000 state and local governments is 2023.

- sometimes the data conflicts with other data provided by our Government for the same metrics. For example, there are conflicting figures from the same or different government agencies for R&D spending, UI benefits, SSI payments, and healthcare costs.

This lack of availability and comparability of data makes analysis of our Government challenging, hampering the knowledge and decision-making capability of our leaders, regulators, citizens, and all other interested parties. We have highlighted these and other key data challenges for this 10-K in *Exhibits 99.10* and *99.11* to this report.

## Government personnel security clearance processing challenges put us at risk.[36]

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

- *Timeliness* –in 2020, the government-wide average for the fastest 90% of initial secret clearance investigations was 58 days, while the timeliness objective is 40 days. In 2016 (the latest available data), the fastest 90% of initial top-secret clearance investigations ranged from 168 days to 208 days, while the timeliness objective is 80 days. As of October 2020, there was a backlog of approximately 220,000 background investigations.
- *Investigation quality* – the executive branch has not established measures for the quality of background investigations. Establishing performance measures is one element of a framework for effectively managing program performance to achieve desired outcomes.
- *Resolution of previously identified issues* – several critical areas of previously identified areas for reform - such as the implementation of continuous evaluation, and the issuance of a reciprocity policy - remain incomplete. The GAO made numerous recommendations to executive branch agencies to address risks associated with the personnel security clearance process since 2011, of which 12 were open as of January 2025.

## Increasing cyber security threats challenge our safety, prosperity, and well-being.[36]

Our Government and our nation's critical infrastructures—such as energy, transportation systems, communications, and financial services—are dependent on computerized (cyber) information systems and electronic data to carry out operations and to process, maintain, and report essential information. Ineffectively protecting cyber assets can facilitate security incidents and cyberattacks that disrupt critical operations; lead to inappropriate access to and disclosure, modification, or destruction of sensitive information; and threaten national security, economic well-being, and public health and safety. We are seeing steady advances in the sophistication of cyber-attack technology and the emergence of new and more destructive attacks. Since 2010, the GAO has made 4,387 recommendations (170 designated priority) to agencies aimed at addressing cybersecurity challenges facing the government, including 277 made in the 2025 report. Nevertheless, many agencies face challenges in safeguarding their information systems and information, in part because many of these recommendations have not been fully implemented. As of January 2025, 764 (56 designated priority) of the GAO's information security–related recommendations had not been fully implemented.

# Strategic and Operational Risks

## Improper payments limit resources available to achieve our objectives.[36]

Certain government programs are at significant risk for improper payments. Improper payments refer to those made in an incorrect amount, that should not have been made at all, or that lack sufficient documentation. In fiscal year 2024, the Medicare program spent around $1 trillion—about 15% of federal spending—to provide health care services for approximately 68 million elderly and disabled beneficiaries. The Medicare program is complex, with more than 1.4 million providers and more than 20 different payment systems. Spending is expected to increase significantly over the next decade as the US population ages and more individuals begin receiving Medicare benefits. According to the GAO, Medicare faces a significant risk for improper payments, which reached an estimated $54.3 billion in fiscal year 2024.

In fiscal year 2024, Medicaid served about 73 million low-income and medically needy individuals at an estimated cost of $611 billion. This area is also on the GAO's high risk list due, in part, to improper payments, which were estimated to be over $31 billion in fiscal year 2024.

In 2022, the GAO added the UI program to its high-risk list noting "The [UI] system's persistent difficulties in balancing effective service delivery and mitigating financial loss made it more difficult to successfully launch temporary programs to help unemployed workers during the COVID-19 pandemic. The unprecedented demand for assistance and the need to get the programs up and running quickly resulted in serious challenges for states and a greater risk of improper payments, including those due to fraud." The main cause for the increase in fraud during the pandemic was identity theft, according to DOL. From March 2020 through January 2022, hundreds of individuals either pled guilty to defrauding UI programs or had federal charges pending against them. GAO's analysis of DOL's estimates found that UI improper payments peaked at an estimated $78 billion in fiscal year 2021 (an estimated improper payment rate of 19%) and decreased to an estimated $6 billion in fiscal year 2024 (an estimated improper payment rate of 16%).

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

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

Our Government's ability to deliver services to citizens is influenced by the state of the economy. Indeed, maintaining economic growth, full employment, and low and stable inflation are among its top priorities, at least in part because these conditions both foster the prosperity and well-being of its citizens and provide tax revenue that funds Government services. An economic downturn could result in business failures and job losses, with a resulting decline in corporate and personal income-tax revenue. At the same time, spending would rise as government increases outlays for services such as UI, TANF, and SNAP.

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

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

### Policy errors

- keeping interest rates low for too long could stoke inflation, which may then need to be curbed by a sudden, sharp increase in interest rates. Too-low rates also raise the risk of unsustainable asset valuations, or "bubbles."
- keeping interest rates higher than necessary, which could slow the pace of economic growth by increasing the cost of doing business, as an example, and thereby raise unemployment.

- excessive government spending with borrowed funds, which could drive inflation higher, eroding citizens' standard of living, creating an uncertain business environment, and discouraging investment.
- insufficient government spending on services such as policing, health, defense, and education could reduce the effectiveness of key government functions and adversely affect the safety and well-being of the population.
- raising personal and/or corporate income taxes excessively, thus possibly reducing incentives for certain individuals to work, invest, and innovate.
- reducing personal and/or corporate income taxes too much and not decreasing government spending accordingly, thereby increasing the budget deficit.

### Other potential causes

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

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

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

Without a change in current laws and policies, federal spending, especially for Social Security, Medicare, and interest, is forecast to outstrip revenue over the next decade, according to the Congressional Budget Office (CBO). The CBO estimates that from 2026 to 2036, federal debt held by the public rises from 101% of GDP in 2026 to 120% in 2036, surpassing its previous high of 106% of GDP in 1946.[44] Debt that is high and rising as a percentage of GDP tends to slow economic growth, push up interest payments to foreign holders of US debt, heighten the risk of a fiscal crisis, and make the US fiscal position more vulnerable to an increase in interest rates. Concern about those consequences puts pressure on future decisions about tax and spending policies.

## Tax avoidance and fraud put downward pressure on tax revenues, reducing Government resources.[36]

Enforcement of tax laws helps fund our Government. IRS enforcement collects revenue from noncompliant taxpayers and, perhaps more importantly, promotes voluntary compliance by giving taxpayers confidence that others are paying their fair share. The IRS's capacity to implement new initiatives, carry out ongoing enforcement and taxpayer service programs, and combat identity theft refund fraud under an uncertain budgetary environment remains a challenge. In 2024, the IRS estimated that the average annual gross tax gap—the difference between taxes owed and taxes paid on time—was $696 billion for tax year 2022, including $63 billion for those who didn't file at all or on time, $539 billion for those who filed on time but understated their tax liability, and $94 billion that was reported on time but not paid on time. In addition, in December 2023, the IRS estimated that it prevented the theft of about $15 billion in individual identity theft refunds for 2022. However, the IRS has a backlog of cases, and it is taking over 600 days to resolve identity theft cases.

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

Gross federal debt, or the sum of the debt held by the public and debt held by government entities (such as the Social Security trust fund) is subject to a statutory ceiling set by Congress. Once the ceiling, known as the debt limit, is reached, the Treasury may not issue new debt to pay bills already incurred by Congress. Since 1960, Congress has raised, extended, or altered the definition of the debt limit or suspended it numerous times. Recently, the budget reconciliation law enacted on July 4, 2025, raised the debt limit by $5 trillion to $41.1 trillion.[45] Failure to raise the ceiling when needed could prompt an unprecedented default on Treasury securities, which are generally considered the world's safest government debt and form a foundation for the global financial system. A US default, in turn, could trigger a financial crisis and throw the nation into a recession.

## Ongoing efforts to modernize the financial regulatory system and the federal role in housing finance also pose risks to the budget outlook and economic stability.[36]

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

The federal role in housing finance expanded during the 2007–2009 financial crisis and remains large. The federal government currently supports about two-thirds of the mortgage market. As a reaction to the financial crisis, our Government took over two housing-finance agencies, Fannie Mae and Freddie Mac, which guarantee about half of the new mortgages in the US and had combined assets of over $7.8 trillion as of December 31, 2025. The federal government also supports mortgages through insurance and guarantee programs. The FHA has an insured portfolio of single-family mortgages that exceeds $1.4 trillion, and Ginnie Mae guarantees the performance of nearly $2.7 trillion in securities backed by mortgages with FHA or other federal support. The COVID-19 pandemic has led to missed mortgage and rent payments that have strained the housing finance system and heightened fiscal risks to the federal government.

## Our Government has significant fiscal exposure to risks associated with a changing environment.[36]

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

In 2025, the GAO added improving the delivery of federal disaster assistance to its high risk list. Natural disasters have become costlier and more frequent. In 2024, there were 27 disasters with at least $1 billion in economic damages. Overall, these events resulted in 568 deaths and significant economic effects on affected areas. Their frequency and intensity have severely strained FEMA and its workforce. Recent natural disasters—including wildfires in Southern California and hurricanes in the Southeast—demonstrate the need for federal agencies to deliver assistance as efficiently and effectively as possible and reduce their fiscal exposure. For fiscal years 2015-2024, appropriations for disaster assistance totaled at least $448 billion. Additionally, in December 2024 the *Disaster Relief Supplemental Appropriations Act, 2025*, appropriated an additional $110 billion for disaster assistance. The federal approach to disaster recovery is fragmented across over 30 federal entities. So many entities involved with multiple programs and authorities, differing requirements and timeframes, and limited data sharing across entities could make it harder for survivors and communities to navigate federal programs.

The federal government is also financially liable for cleaning up areas where federal activities have contaminated the environment. Various federal laws, agreements with states, and court decisions require the federal government to clean up environmental hazards at federal sites and facilities—such as nuclear weapons production facilities and military installations. Such sites are contaminated by many types of waste. The GAO reports that the federal government's environmental liability has been growing and is likely to continue to increase. For fiscal year 2023, the federal government's estimated environmental liability was $645 billion—up from $212 billion for fiscal year 1997. However, this estimate does not reflect all of the future cleanup responsibilities federal agencies may face. The GAO has found that federal agencies cannot always address their environmental liabilities in ways that maximize the reduction of health and safety risks to the public and the environment in a cost-effective manner, and that some agencies do not take a holistic, risk-informed approach to environmental cleanup that aligns limited funds with the greatest risks to human health and the environment.

## Our Government's ability to achieve its vision is affected by foreign relations.[46]

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

- *Russia* – Russia will remain a persistent but manageable threat to North Atlantic Treaty Organization's (NATO's) eastern members for the foreseeable future. Indeed, although Russia suffers from a variety of demographic and economic difficulties, its ongoing war in Ukraine shows that it still retains deep reservoirs of military and industrial power. Russia has also shown that it has the national resolve required to sustain a protracted war in its near abroad. In addition, although the Russian military threat is primarily focused on Eastern Europe, Russia also possesses the world's largest nuclear arsenal, which it continues to modernize and diversify, as well as undersea, space, and cyber capabilities that it could employ against the US Homeland.
- *People's Republic of China (PRC)* – By any measure, China is already the second most powerful country in the world - behind only the US - and the most powerful state relative to us since the 19th century. And, while China faces very significant internal economic, demographic, and societal challenges, the fact is that its power is growing. Beijing has already spent vast amounts on the People's Liberation Army in recent years, often at the expense of domestic priorities. Yet China can still afford to spend even more on its military, should it choose to do so - and it has shown that it is able to do so effectively. Indeed, the speed, scale, and quality of China's historic military buildup speak for themselves, including forces designed for operations in the Western Pacific as well as those capable of reaching targets much farther away. This matters for America's interests because, as the National Security Strategy (NSS) recognizes, the Indo-Pacific will soon make up more than half of the global economy. The American people's security, freedom, and prosperity are therefore directly linked to our ability to trade and engage from a position of strength in the Indo-Pacific. Were China - or anyone else, for that matter - to dominate this broad and crucial region, it would be able to effectively veto Americans' access to the world's economic center of gravity, with enduring implications for our nation's economic prospects, including our ability to reindustrialize.
- *Iran* – Recent US and Israeli operations have left Iran's regime, and its "Axis of Resistance", weaker and more vulnerable than it has been in decades. Although Iran has suffered severe setbacks over recent months, it appears intent on reconstituting its conventional military forces. Iran's leaders have also left open the possibility that they will try again to obtain a nuclear weapon, including by refusing to engage in meaningful negotiations. Moreover, although Iran's proxies have been severely degraded, they may also seek to rebuild devastated infrastructure and capabilities. Nor can we ignore the facts that the Iranian regime has the blood of Americans on its hands, that it remains intent on destroying our close ally Israel, and that Iran and its proxies routinely instigate regional crises that not only threaten the lives of American servicemembers in the region but also prevent the region itself from pursuing the kind of peaceful and prosperous future that so many of its leaders and peoples clearly wish for.[46] On February 28, 2026, the US military commenced *Operation Epic Fury*. US and partner forces are striking targets to dismantle the Iranian regime's security apparatus, prioritizing locations that pose an imminent threat. The mission of *Operation Epic Fury* is laser-focused: Destroy Iranian offensive missiles,

destroy Iranian missile production, destroy their navy and other security infrastructure—and they will never have nuclear weapons.[47]

- *Global terrorism* – Groups such as Islamic State have taken advantage of instability in the Middle East, including Libya, Syria, and Iraq, to extend control over territory and natural resources that can then be used to stage terrorist attacks across the globe. Such groups are difficult to counter because they usually deploy suicide attackers and their radical ideology, alien to our own values, makes it difficult if not impossible to negotiate with them. Although the US has severely degraded Islamic terrorist organizations like al Qaeda and ISIS in recent decades, these actors continue to adapt and pose a credible threat.
- *Democratic People's Republic of Korea (DPRK)* – The DPRK poses a direct military threat to the Republic of Korea (ROK) as well as to Japan, both of which are US treaty allies. Although many of North Korea's large conventional forces are aged or poorly maintained, South Korea must stay vigilant against the threat of a North Korean invasion. North Korea's missile forces are also capable of striking targets in the ROK and Japan with conventional and nuclear weapons as well as other weapons of mass destruction. At the same time, the DPRK's nuclear forces are increasingly capable of threatening the US Homeland. These forces are growing in size and sophistication, and they present a clear and present danger of nuclear attack on the American Homeland.
- *Alliances and Partnerships* – It is only prudent for the US and its allies to be prepared for the possibility that one or more potential opponents might act together in a coordinated or opportunistic fashion across multiple theaters. Our allies and partners must shoulder their fair share of the burden of our collective defense. America's alliances and partnerships form a defensive perimeter around Eurasia. Not only do these relationships offer favorable geography, but they also include many of the world's wealthiest nations. Taken together, our alliance network is far wealthier than all our potential adversaries combined. As a result, if our allies and partners invest properly in their defenses, consistent with the new global standard set at the Hague Summit, together we can generate more than enough forces to deter potential opponents, including if they act concurrently. In these ways, we will maintain favorable balances of power in each of the world's key regions, as directed by the NSS. As US forces focus on Homeland defense and the Indo-Pacific, our allies and partners elsewhere will take primary responsibility for their own defense with critical but more limited support from American forces.

## Our Government's ability to secure the financial future of retirees is threatened by the risk of insolvency facing Social Security trust funds and the Pension Benefit Guaranty Corporation.[36]

The cost of providing Social Security and disability benefits is rising faster than revenue generated by the payroll tax. Reserves of the DI Trust Fund may be depleted as early as 2044, and reserves of the OASI Trust Fund may be depleted as early as 2032, according to projections by the funds' trustees. See *Exhibit 99.05* for more information.

The Pension Benefit Guaranty Corporation (PBGC) protects the retirement benefits of almost 30 million Americans through insurance programs that guarantee pension benefits when plans fail. The PBGC may not be able to meet its long-term obligations, due in part to a long-term decline in the number of traditional defined benefit plans and the collective financial risk of the many underfunded pension plans that PBGC insures. In 2021, the ARP established a multiemployer Special Financial Assistance Program (SFA) to help eliminate PBGC's deficit by providing funding assistance for financially distressed multiemployer pension plans that meet specific eligibility criteria. The SFA payments are derived from appropriated funds and financed by general revenues of the Treasury. According to the PBGC's 2025 Annual Report, both the Single-Employer and Multiemployer Insurance Programs are financially sound. The Single-Employer Program is projected to remain in a positive net financial position over the next decade. The Multiemployer Program is likely to remain solvent for more than 40 years. The GAO removed PBGC from its high risk report in 2023 because the financial condition and outlook for its programs have improved, due to both action taken by Congress and more favorable underlying financial conditions. However, the GAO will continue to monitor these programs.

## Failure to maintain and upgrade the nation's surface transportation system could curb economic growth and adversely affect the quality of life for citizens.[36]

The nation's highways, mass transit, and rail systems are under growing strain, reflecting increasing congestion and freight demand, and traditional funding sources are eroding. For example, federal taxes on gasoline haven't been raised since 1993. Inflation-adjusted revenue from motor fuel taxes that support the Highway Trust Fund, a major source of federal surface transportation funding, is declining, according to the GAO, and our Government has been using general revenues to maintain spending levels. This trend is forecast to continue as consumers turn to vehicles that are more fuel efficient or that use alternative energy sources. In 2021, Congress passed the *Infrastructure Investment and Jobs Act* (IIJA), which provides approximately $541 billion in funding for surface transportation for fiscal years 2022 through 2026. Among other provisions, this bill provides new funding for infrastructure projects, including for:

- roads, bridges, and major projects;
- passenger and freight rail;
- highway and pedestrian safety;
- public transit;
- broadband;
- ports and waterways;
- airports;
- water infrastructure;
- power and grid reliability and resiliency;
- resiliency, including funding for coastal resiliency, ecosystem restoration, and weatherization;
- clean school buses and ferries;
- electric vehicle charging;
- addressing legacy pollution by cleaning up Brownfield and Superfund sites and reclaiming abandoned mines; and
- Western Water Infrastructure.[48]

CBO projects that, in the absence of a sustainable, long-term funding solution for the Highway Trust Fund, an additional $211 billion from other sources will be required to maintain current spending levels plus inflation through 2034. Without additional congressional action, the balance of the Highway Trust Fund will be exhausted beginning in 2028.

## Recruiting and retaining skilled Government workers is key to delivering essential, and in many cases life-saving, services to the American people.[36]

High levels of training and education are required to address complex challenges such as disaster response, national and homeland security, and rapidly evolving technology and privacy-security issues. However, current budget and long-term fiscal pressures, declining levels of federal employee satisfaction, and a potential wave of employee retirements could produce gaps in leadership and institutional knowledge. As one example, in 2023, the GAO added strengthening the management of the federal prison system to its high risk list. The Bureau of Prisons has consistently experienced leadership changes over recent years and has longstanding staffing challenges, such as vacancies and the growing use of overtime to help address them, which continue to present a serious threat to inmate and staff safety.

# Item 1C. Cybersecurity[49]

## Risk management and strategy

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

However, risks to IT systems are increasing—in particular, malicious actors are becoming more willing and capable of carrying out cyberattacks. Additionally, there has been an increase in most types of cyberattacks across the US, and the cost of these attacks is also increasing. In 2024, there were 859,532 cybersecurity complaints made to the FBI's Internet Crime Complaint Center with reported losses of $16.6 billion, as compared to 791,790 in 2020 with losses of $4.2 billion.

Since many government IT systems contain vast amounts of personally identifiable information (PII), federal agencies must protect the confidentiality, integrity, and availability of this information—and effectively respond to data breaches and security incidents. Likewise, the trend in the private sector of collecting extensive and detailed information about individuals needs appropriate limits. Federal agencies reported 32,211 information security incidents in fiscal year 2023 (the latest year for which we have information).

To highlight the importance of cybersecurity issues, the GAO has designated information security as a government-wide high-risk area since 1997. This high-risk area was expanded in 2003 to include the protection of critical cyber infrastructure and, in 2015, to include protecting the privacy of PII. GAO has made over 4,000 recommendations to federal agencies to address cybersecurity shortcomings. However, over 850 of these had not been fully implemented as of February 2023. Of these, 52 were designated as priority recommendations, meaning that the GAO believes they warrant priority attention from heads of key departments and agencies. Until these shortcomings are addressed, federal and critical infrastructure IT systems will be increasingly susceptible to cyber threats.

In 2025, the Trump Administration issued key executive actions shaping cybersecurity policy. On June 6, 2025, President Trump signed Executive Order 14306, "Sustaining Select Efforts to Strengthen the Nation's Cybersecurity and Amending Executive Order 13694 and Executive Order 14144," which amended prior cyber-related executive orders and updated federal cybersecurity directives. The order refocused efforts on defending against foreign cyber threats, including those attributed to China, Russia, Iran, and North Korea by, ordering additional actions to improve the Nation's cybersecurity, focusing on defending our digital infrastructure, securing the services and capabilities most vital to the digital domain, and building our capability to address key threats. In addition, on October 17, 2025, President Trump issued a proclamation designating October as National Cybersecurity Awareness Month, emphasizing the importance of strong cybersecurity practices, public-private collaboration, and continued efforts to strengthen national cyber resilience.

The Trump Administration's 2025 executive actions outline the White House's updated approach to strengthening the nation's cybersecurity, with key components as follows.

## Updated policy focus on foreign cyber threats

Foreign governments and criminals continue to conduct cyber campaigns targeting the US, with activity from the People's Republic of China described as the most persistent and active threat to the US government, private sector and critical infrastructure networks. Significant threats also emanate from Russia, Iran, and North Korea, contributing to disruptions of critical services, substantial economic losses, and risks to Americans' security and privacy. In response, the Administration will direct additional federal measures aimed at strengthening the defense of digital infrastructure, securing essential digital services, and expanding national capabilities to address major cyber threats.

## Strengthening secure software development

The Secretary of Commerce, acting through director of the NIST, will work with industry at the National Cybersecurity Center of Excellence to develop guidance for applying secure software development, security, and operations practices based on the Secure Software Development Framework (SSDF). The government is also updating its core security controls to spell out better expectations for safely deploying patches and updates. In addition, the SSDF is being expanded with more detailed examples and steps that agencies and vendors can follow to ensure software is developed, delivered, and maintained in a more secure and reliable way.

## Post-quantum cryptopgraphy transition

A quantum computer of sufficient size and sophistication—also known as a cryptanalytically relevant quantum computer (CRQC)—will be capable of breaking much of the public-key cryptography used on digital systems across the US and around the world. The Federal Government will prepare for a transition to cryptographic algorithms that would not be vulnerable to CRQC. By the end of 2025, officials will put out a list showing which kinds of products support post-quantum cryptopgraphy.

## Promoting security with and in artificial intelligence

Artificial intelligence has the potential to transform cyber defense by rapidly identifying vulnerabilities, increasing the scale of threat detection techniques, and automating cyber defense. Federal agencies will ensure that existing datasets for cyber defense research have been made available to the broader academic research community.

## Aligning policy to modern practice

Federal agencies will take steps to align their cybersecurity policies to issue guidance to address critical risks and adapt modern practices and architectures across Federal information systems and networks.

# Governance

In June 2021, the Senate confirmed the first National Cyber Director to head the Office of the National Cyber Director (ONCD) and serve as the principal advisor to the President on cybersecurity policy and strategy. The ONCD's mission is to advance national security, economic prosperity, and technological innovation through cybersecurity policy leadership. In carrying out its directive, ONCD works closely with White House and interagency partners, as well as with all levels of government, America's international allies and partners, non-profits, academia, and the private sector, to shape and coordinate federal cybersecurity policy. Guided by the President's vision, as articulated in the *National Cybersecurity Strategy*, ONCD is working to create a more equitable, safe, and resilient interconnected world in which every American can thrive and prosper. The Biden Administration ONCD website has been archived and there is not a new website for the ONCD under the new Trump Administration. You can find more details on the ONCD at the archived website https://bidenwhitehouse.archives.gov/oncd/.

# Item 2. Properties

# Domestic

## Land

### Federal government owned land

The federal government owns and manages roughly 640 million acres, more than a quarter of the roughly 2 billion acres of land in the US, concentrated in 12 western states where the federal government owns roughly half of the overall land area. These lands are managed for many purposes, primarily preservation, recreation, and development of natural resources.

Four agencies manage about 95% of this federally-owned-and-managed land. All agencies and the land they managed are:

| Fiscal year<br>(Acres in thousands) | 1990 | 2000 | 2010 | 2018 | 2024 |
|---|---|---|---|---|---|
| **Agency** | | | | | |
| Bureau of Land Management | 272,029 | 264,398 | 247,859 | 244,391 | 244,000 |
| Forest Service | 191,367 | 192,355 | 192,881 | 192,919 | 193,000 |
| Fish and Wildlife Service | 86,822 | 88,226 | 88,949 | 89,206 | 89,000 |
| National Park Service | 76,134 | 77,931 | 79,691 | 79,946 | 80,000 |
| Department of Defense | 20,501 | 24,052 | 19,422 | 8,850 | na |
| Total federally-owned land | 646,853 | 646,962 | 628,802 | 615,312 | 640,000 |
| Total land in US | 2,271,343 | 2,271,343 | 2,271,343 | 2,271,343 | 2,300,000 |
| Percentage of land in US federally-owned | 28% | 28% | 28% | 27% | 28% |

† *Data source for years 1990-2018 is the Congressional Research Service (CRS) paper titled* Federal Land Ownership: Overview and Data, *dated February 21, 2020, the latest source for detailed acres. Data source for 2024 is the CRS paper titled* The Federal Land Management Agencies, *dated October 7, 2024, which provides summarized data. As 2024 data is incomplete summary-level data, it will not foot.*

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

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

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

| Fiscal year | 2015 | 2016 | 2019 | 2020 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| **Land acres[1]** | **49,601,819** | **42,343,516** | **26,751,439** | **27,443,005** | **27,342,563** | **27,599,085** | **27,334,612** |
| Owned and otherwise managed (OOM) acres | 47,909,576 | 41,015,497 | 25,209,573 | 26,037,355 | 25,763,210 | 25,776,093 | 25,680,958 |
| Total annual operating costs (in thousands)[2,3] | $ 122,890 | $ 125,059 | $ 137,551 | $ 156,028 | $ 162,430 | $ 154,786 | $ 163,319 |
| Leased acres | 1,692,243 | 1,328,020 | 1,361,866 | 1,405,650 | 1,579,353 | 1,822,993 | 1,653,654 |
| Total annual lease costs (in thousands)[2,4] | $ 49,568 | $ 50,728 | $ 42,349 | $ 47,656 | $ 51,372 | $ 51,103 | $ 51,483 |

† *Data source is the General Services Administration (GSA) FY 2024 Federal Real Property Profile (FRPP) Summary Data Set. The GSA reports that DOD data is not available for 2017, 2018, and 2021. In addition, the GSA reports that the "DOD made progress in addressing data quality concerns and is included in FY 2019. As a result, comparisons between FY 2019 and previous years' data is not recommended." It does not make sense for us to report 2017, 2018, and 2021 without DOD data, as it comprises a large portion of the data set. As such, we have limited the data in this section to the dates shown in the table above.*

1. *Includes federal government owned and managed museum trust, state government owned, and withdrawn land, and leased land. Does not include public domain land. Details may not add to total due to rounding.*
2. *It is difficult to compare OOM and leased annual operating costs due to their make-up. OOM annual operating costs only includes operations and maintenance costs, whereas leased annual operating costs also includes rent to capture the full cost of the asset.*
3. *OOM annual operating and maintenance costs consist of the following: 1) recurring maintenance and repair costs; 2) utilities (includes plant operation and purchase of energy); 3) cleaning and/or janitorial costs (includes pest control, refuse collection, and disposal including recycling operations); and 4) roads/grounds expenses (includes grounds maintenance, landscaping, and snow and ice removal from roads, piers, and airfields).*
4. *Lease costs comprise: 1) annual net rent to the lessor—the fully serviced rental to the lessor minus the annual operating and maintenance costs and 2) annual operating and maintenance costs—reoccurring maintenance and repair costs including: utilities (includes plant operation and purchase of energy); cleaning and/or janitorial costs (includes pest control, refuse collection, and disposal, including recycling operations); roads/grounds expenses (includes grounds maintenance, landscaping, and snow and ice removal from roads, piers, and airfields).*

OOM and leased non-public domain land by agency as of fiscal year 2024 was as follows:

| (In thousands) | Acres | | |
|---|---|---|---|
| **Agency** | **OOM** | **Leased** | **Total** |
| Corps of Engineers | 7,561 | 161 | 7,722 |
| Army Department | 5,853 | 1,243 | 7,096 |
| Department of Interior | 6,111 | 1 | 6,112 |
| Department of Energy | 2,188 | 3 | 2,191 |
| Navy Department | 1,762 | 20 | 1,782 |
| Air Force Department | 1,601 | 100 | 1,701 |
| Other department or agency | 605 | 126 | 731 |
| Total | 25,681 | 1,654 | 27,335 |

† *Data source is the GSA FY 2024 FRPP Summary Data Set.*

## State and local government owned and leased land

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

# Buildings and other structures

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

| Fiscal year | 2015 | 2016 | 2019 | 2020 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| **Buildings[4]** | **273,125** | **267,127** | **286,773** | **285,842** | **278,934** | **277,411** | **281,148** |
| OOM[1] | 253,481 | 247,723 | 268,043 | 267,119 | 260,630 | 259,035 | 262,298 |
| Total square feet (thousands) | 2,520,991 | 2,490,265 | 2,546,061 | 2,550,044 | 2,537,470 | 2,533,974 | 2,558,596 |
| Annual operating costs (thousands)[3,6] | $ 11,644,642 | $ 12,022,269 | $ 16,356,346 | $ 15,957,212 | $ 17,078,068 | $ 10,321,923 | $ 18,002,141 |
| Leased | 19,644 | 19,404 | 18,730 | 18,723 | 18,304 | 18,376 | 18,850 |
| Total square feet (thousands) | 283,125 | 280,103 | 286,138 | 288,674 | 277,055 | 277,821 | 278,917 |
| Annual lease costs (thousands)[3,7] | $ 7,103,442 | $ 7,284,160 | $ 7,630,462 | $ 7,936,381 | $ 8,319,884 | $ 8,555,621 | $ 8,431,026 |
| **Other Structures[7]** | **496,022** | **496,174** | **525,240** | **537,080** | **557,168** | **583,608** | **600,460** |
| OOM[1] | 492,263 | 492,725 | 521,948 | 533,580 | 553,818 | 580,334 | 597,294 |
| Annual operating costs (thousands)[3,6,9] | $ 8,787,913 | $ 6,326,949 | $ 12,023,494 | $ 12,458,616 | $ 12,353,717 | $ 146,818,630 | $ 142,598,454 |
| Leased | 3,759 | 3,449 | 3,292 | 3,500 | 3,350 | 3,274 | 3,166 |
| Annual lease costs (thousands)[3,7] | $ 58,053 | $ 59,135 | $ 64,360 | $ 70,964 | $ 94,462 | $ 85,614 | $ 100,590 |
| **Buildings real property utilization[8]** | | | | | | | |
| Utilized | 96,718 | 89,359 | 117,601 | 120,737 | 127,504 | 126,045 | 127,967 |
| Underutilized | 3,598 | 7,859 | 4,413 | 3,023 | 1,934 | 2,393 | 2,656 |
| Unutilized | 3,414 | 3,120 | 15,199 | 12,679 | 2,732 | 2,847 | 2,707 |
| **Repair needs[1,2]** | | | | | | | |
| OOM building repair needs costs (thousands) | | | | | $ 160,072,467 | $ 196,321,050 | $ 235,439,601 |
| OOM structure repair needs costs (thousands)[5] | | | | | $ 190,661,633 | $ 223,026,945 | $ 266,720,006 |

† *Data source is the GSA FY 2024 FRPP Summary Data Set. The GSA reports that DOD data is not available for 2017, 2018, and 2021. In addition, the GSA reports that the "DOD made progress in addressing data quality concerns and is included in FY 2019. As a result, comparisons between FY 2019 and previous years' data is not recommended." It does not make sense for us to report 2017, 2018, and 2021 without DOD data, as it comprises a large portion of the data set. As such, we have limited the data in this section to the dates shown in the table above.*

1. *Includes federal government, foreign government, museum trust, and state government OOM.*
2. *Repair needs are only a required data element for owned assets. Repair needs is the objective amount necessary to ensure that a constructed asset is restored to a condition substantially equivalent to the originally intended and designed capacity, efficiency, or capability. This should exclude any consideration of the likelihood that the repair will be performed at any time before the asset's disposition.*
3. *OOM annual operating costs only includes operations and maintenance costs, whereas leased annual operating costs also includes rent, capturing the full asset cost.*
4. *Buildings (examples): office, laboratories, hospital, warehouse*
5. *Other Structures (examples): airfield pavements, flood control and navigation, utility systems, navigation, and traffic aids*
6. *OOM annual operating and maintenance costs consist of the following: 1) recurring maintenance and repair costs; 2) utilities (includes plant operation and purchase of energy); 3) cleaning and/or janitorial costs (includes pest control, refuse collection, and disposal including recycling operations); and 4) roads/grounds expenses (includes grounds maintenance, landscaping, and snow and ice removal from roads, piers, and airfields).*

7. *Lease costs comprise: 1) annual net rent to the lessor—the fully serviced rental to the lessor minus the annual operating and maintenance costs and 2) annual operating and maintenance costs—reoccurring maintenance and repair costs including: utilities (includes plant operation and purchase of energy); cleaning and/or janitorial costs (includes pest control, refuse collection, and disposal, including recycling operations); roads/grounds expenses (includes grounds maintenance, landscaping, and snow and ice removal from roads, piers, and airfields).*
8. *The reporting of utilization is only required for offices, laboratories, hospitals, warehouses, family housing, dormitories, and barracks.*
9. *The increase in reported annual operating costs of other structures in 2023 and 2024 as compared to prior years comprises primarily increases in those used for flood control and navigation, and by the Army, Navy, and Air Force.*

## Buildings detail (2024)

As shown in the table above, our Government occupies 2.8 billion square feet of building space in the US and US territories, of which 2.6 billion square feet are OOM and 279 million square feet are leased. Information by use and by government agency as of fiscal year 2024 are shown in the tables below:

| Buildings Real Property Use (in thousands, except per sq ft) | OOM sq/ft[1] | Annual Operating and Maintenance Costs[1,4] | OOM Annual Costs per sq/ft[1,4] | Leased sq/ft | Leased Annual Costs[2,4] | Leased Annual Costs per sq/ft[2,4] |
|---|---|---|---|---|---|---|
| **Total** | **2,558,596** | **$ 18,002,141** | **$ 7.04** | **278,917** | **$ 8,431,026** | **$ 30.23** |
| Office | 431,113 | $ 2,722,213 | $ 6.31 | 169,932 | $ 5,650,798 | $ 33.25 |
| Service | 405,750 | $ 2,187,827 | $ 5.39 | 5,079 | $ 48,435 | $ 9.54 |
| Warehouses | 293,373 | $ 834,723 | $ 2.85 | 25,992 | $ 340,708 | $ 13.11 |
| School | 256,786 | $ 1,586,282 | $ 6.18 | 3,198 | $ 34,588 | $ 10.81 |
| Dormitories/Barracks | 227,323 | $ 1,236,867 | $ 5.44 | 1,547 | $ 19,470 | $ 12.59 |
| Laboratories | 182,964 | $ 2,643,705 | $ 14.45 | 4,685 | $ 118,491 | $ 25.29 |
| Other institutional uses | 166,306 | $ 1,089,563 | $ 6.55 | 2,616 | $ 48,704 | $ 18.62 |
| Hospital | 116,367 | $ 1,599,470 | $ 13.75 | 1,284 | $ 42,252 | $ 32.90 |
| Industrial | 105,632 | $ 1,154,781 | $ 10.93 | 1,627 | $ 7,782 | $ 4.78 |
| Courthouse | 76,219 | $ 538,489 | $ 7.07 | 4,501 | $ 136,964 | $ 30.43 |
| Outpatient healthcare facility | 45,299 | $ 550,561 | $ 12.15 | 19,446 | $ 793,545 | $ 40.81 |
| Family housing | 42,870 | $ 198,335 | $ 4.63 | 2,516 | $ 30,371 | $ 12.07 |
| Prisons and detention centers | 42,498 | $ 302,431 | $ 7.12 | 102 | $ 1,062 | $ 10.40 |
| Communications systems | 20,790 | $ 214,926 | $ 10.34 | 701 | $ 11,280 | $ 16.10 |
| Navigation and traffic aids | 12,798 | $ 286,677 | $ 22.40 | 742 | $ 19,865 | $ 26.78 |
| Child care center | 9,484 | $ 36,408 | $ 3.84 | 56 | $ 466 | $ 8.33 |
| Museum | 8,030 | $ 41,609 | $ 5.18 | 336 | $ 799 | $ 2.38 |
| Land port of entry | 5,541 | $ 80,398 | $ 14.51 | 1,041 | $ 27,588 | $ 26.50 |
| Facility security | 5,046 | $ 27,746 | $ 5.50 | 45 | $ 531 | $ 11.72 |
| Data centers | 3,092 | $ 67,516 | $ 21.84 | 376 | $ 16,406 | $ 43.62 |
| Border/Inspection station | 2,789 | $ 39,678 | $ 14.23 | 2,057 | $ 58,610 | $ 28.49 |
| Comfort stations/Restrooms | 1,823 | $ 30,977 | $ 16.99 | 5 | $ 151 | $ 31.02 |
| Public facing facility | 1,584 | $ 9,488 | $ 5.99 | 18,651 | $ 609,719 | $ 32.69 |
| Post office | 1,100 | $ 7,417 | $ 6.74 | — | $ — | $ — |
| Aviation security related | 370 | $ 6,866 | $ 18.55 | 4,718 | $ 213,260 | $ 45.21 |
| All other [3] | 93,649 | $ 507,188 | $ 5.42 | 7,664 | $ 199,181 | $ 25.99 |

† *Data source is the GSA FY 2024 FRPP Summary Data Set.*
1. *Includes federal government, foreign government, museum trust, and state government OOM.*
2. *Includes operations and maintenance costs and rent.*
3. *The All Other category is defined as "buildings that cannot be classified elsewhere."*
4. *It is difficult to compare owned and leased annual operating costs due to their make-up. OOM annual operating costs only includes operations and maintenance costs, whereas leased annual operating costs also includes rent to capture the full cost of the asset.*

| (In thousands) | Building Square Feet | | |
|---|---|---|---|
| **Agency** | **OOM** | **Leased** | **Total** |
| Army Department | 748,358 | 22,000 | 770,358 |
| Air Force Department | 464,023 | 4,241 | 468,264 |
| Navy Department | 437,764 | 3,246 | 441,010 |
| General Services Administration | 223,510 | 179,875 | 403,385 |
| Department of Veterans Affairs | 157,623 | 24,232 | 181,855 |
| Department of Energy | 113,923 | 647 | 114,570 |
| Department of Interior | 100,792 | 2,526 | 103,318 |
| Other department or agency | 312,603 | 42,150 | 354,753 |
| Total | 2,558,596 | 278,917 | 2,837,513 |

† *Data source is the GSA FY 2024 FRPP Summary Data Set.*

The GAO reports that federal agencies continue to face long-standing challenges in several areas of real property management, including: (1) effectively disposing of excess and underutilized property, (2) collecting reliable real property data for decision making, and (3) protecting federal facilities.[36] The use of federal real property was greatly impacted by the COVID-19 pandemic, and federal buildings remain underutilized. According to a 2023 Federal Real Property Council study, most of the federal agencies were using an estimated 25% or less of their headquarters' capacity. Three primary causes for the low space utilization were (1) excess space long-standing challenges, (2) building configurations do not support a modern workplace, and (3) agencies had embraced hybrid and remote work.[50]

These conditions may change. On January 20, 2025, President Trump issued a Presidential Action stating that heads of all departments and agencies in the executive branch of Government shall, as soon as practicable, take all necessary steps to terminate remote work arrangements and require employees to return to work in-person at their respective duty stations on a full-time basis, provided that the department and agency heads shall make exemptions they deem necessary.[51] In addition, the GSA has published a website listing federal government assets identified for accelerated disposition as they focus on rightsizing the federal real estate portfolio to reduce the burden on the American taxpayer while also delivering space that enables the agencies to achieve their missions. This initiative aims to engage the market, attract interested parties, and inform strategies that will expedite the disposition of federal assets.[52]

## Federal Indian reservations[53]

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

# International[54]

We are not aware of a current aggregated source for land held by our Government outside of the US. However, the DOD reports on its overseas holdings. As of 2024, the DOD managed a worldwide real property portfolio that spanned 49 territories and foreign countries. Locations comprising at least 10 acres or $10 million of replacement value (520 in total) are:

- *By country* – Germany (101 sites), Japan (77 sites), and South Korea (64 sites) had the most sites by country;
- *By service* – 217 were for the Army, 146 for the Navy, 136 for the Air Force, and 21 for the Marine Corps; and
- *By value* – 53 had no replacement value, 319 had a replacement value of more than $0 and less than $500 million each, 54 had a replacement value of equal to or more than $500 million and less than $1 billion each, 37 had a replacement value of equal to or more than $1 billion and less than $2 billion each, 57 had a replacement value of equal to or more than $2 billion each.

# Item 3. Legal Proceedings

Our Government is subject to a variety of claims and suits that arise from time to time in the ordinary course of its operations. See *Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 21 – Contingencies* for a discussion of these items.

# Part II

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

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

## About Management's Discussion and Analysis

### Fiscal years presented

In this MD&A, we analyze the one-, five-, and 10-year periods ending September 30, 2023, the most recent period for which a nearly complete set of federal, state, and local financial data is available. We present summary data for each of these periods, and provide a narrative analysis of the one- and 10-year periods. A public company is generally required to analyze its immediately prior three fiscal years. While decisions can be made and implemented quickly within companies, and the impact of those decisions may be seen shortly thereafter, this is not generally the case within government. Therefore, we have provided a longer-term view within this MD&A than we would for a company.

### Which changes are discussed

Throughout this MD&A, we discuss key changes in revenues and expenditures for the one- and 10-year periods presented. We define key changes as those that are the largest dollar changes that when added together comprise at least 75% of the total change being explained. These key changes are highlighted in gray in the tables and then are discussed in the sections following each table. Though only key changes are discussed, all changes in major categories are shown in the tables for your information.

### Modification of data

In cases where only calendar year annual data was available, we used one simple formula to create federal fiscal year (October 1 to September 30) data – 25% of the prior calendar year figure plus 75% of the current calendar year figure. All the figures in this MD&A that were converted from calendar year to federal fiscal year in this manner are indicated by * (one asterisk). To create state and local fiscal year (July 1 to June 30) data, we used a formula of 50% of the prior calendar year figure plus 50% of the current calendar year figure. All the figures in this MD&A that were converted from calendar year to state and local fiscal year in this manner are indicated by ** (two asterisks). Finally, for tax revenues, we calculated the impact of tax rates vs. tax bases by holding one constant while fluctuating the other. See more information at *Exhibit 99.11*.

### Comparability of data

See discussion of the comparability of data within this MD&A in *Exhibit 99.10*.

## Overview

The United States of America (US) is a federal republic composed of 50 states, a federal district of Washington, D.C., five major and various minor insular areas, as well as over 90,000 local governments, including counties, municipalities, townships, school districts, and special district governments. At 3.8 million square miles and with over 340 million people (as of 2024), the US is the world's third-largest country by total area and the third most populous.

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

To achieve the vision of the people, our Government raises money, spends money, and exercises, grants, and rescinds authorities. Our Government generates revenue mainly by taxing individuals and businesses in the US, and to a lesser degree through income on assets invested and charges for government services. Our Government's most significant expenditure is transfer payments to individuals and subsidies, comprising 49% of expenditures in 2023, most significantly for Social Security, Medicare, and Medicaid. Personnel and compensation costs is our Government's second-largest expenditure, comprising 24% of expenditures in 2023. By segment, our Government's most significant expenditures are for securing the blessings of liberty to ourselves and our posterity, comprising 52% of expenditures in 2023.

## Trends

During the one-, five-, and 10-year periods ending in 2023, we saw a mixture of stagnation, progression towards, and retreat from, achievement of our Constitutional objectives. Our Government's role in these trends is not clear. However, we believe it may be useful to observe these trends in evaluating our Government. Highlights of key metrics for these years are summarized below.

When comparing 2023 to 2013, we made progress towards our objectives by:

- ***growing our economy and personal wealth***, by many measures, including most notably increasing: the S&P 500; private fixed investment; GDP; new home sales; median annual wage; net asset accumulation, including total and average household financial and real estate assets; numbers of participants in private retirement plans and related assets per person; net production of, paired with decreased costs of, energy; and numbers of businesses, including those less than one year old; while decreasing rates of poverty, workers at or below minimum wage, bank failures, and bankruptcy filings;
- ***reducing property crime and certain types of physical harm***, including most notably reducing: reported property crime, arrests, and jailed and imprisoned populations; drugs seized at the border; workplace violations; and overall numbers of active-duty military deaths;
- ***improving quality of life for certain populations***, including reducing: overall victimization rates of children; numbers of children in poverty; numbers of children entering foster care; the percentage of Americans without health insurance coverage; rates of smoking; deaths from opioids; and rates of veteran unemployment, while increasing passports in circulation; and
- ***tending to our environment***, including reducing fuel wasted due to urban commuter delays and acres burned in wildland fires, while increasing energy consumption from renewable sources.

We retreated from our objectives through:

- ***continuing fiscal unsustainability of our Government***, as our Government's debt continues to grow as a percentage of GDP and per capita, and our overall trade deficit rises;
- ***increasing specific crime and physical harm***, including increasing reports of most categories of violent crime, civilian deaths from other structure fires, highway vehicle fires, "other" fires, highway crashes, disasters, and overseas; numbers and costs of large disasters; consumer complaints; housing discrimination complaints and hate crimes reported; border apprehensions of illegal aliens; and airport discoveries of loaded firearms;
- ***increasing challenges to the health and well-being of our population***, including increasing: hours of commuter highway delays; rates of depression and obesity; deaths from accidents, other synthetic narcotics, and firearms; numbers of poor air quality days in certain large cities; numbers of homeless children and child fatalities as a result of maltreatment; and personal healthcare expenditures, combined with decreasing tax deductible giving as a percentage of income; and
- ***increasing challenges to the affordability of certain goods and services***, including increasing costs of higher education, median new home prices, and median gross rent, coupled with higher mortgage interest rates and inflation more than tripling to a rate that exceeds the rate targeted by the Federal Reserve.

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

Our Government's operations are financially unsustainable. It continues to spend more than it takes in each year, amassing total liabilities and an overall accumulated deficit that reached $54.6 trillion and $25.0 trillion, respectively, at September 30, 2023. Expenditures increased 69% between 2013 and 2023, when they reached $8.9 trillion annually. Our Government increased its annual deficit by 229% from 2013 to $1.7 trillion in 2023. In 2023, our Government took in more revenue, primarily from individual income taxes, while it also spent more, primarily on transfer payments to individuals.

## Macroeconomy and related government actions

### Key economic indicators

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

| | 2023 | 2022 | 2018 | 2013 |
|---|---|---|---|---|
| **Interest rates** | | | | |
| 10-year Treasury Rate (calendar year) | 3.96% | 2.95% | 2.91% | 2.35% |
| US Federal Funds Rate (calendar year) | 5.03% | 1.69% | 1.83% | 0.11% |
| US Bank Prime Loan Rate (state and local fiscal year) | 7.00% | 3.43% | 4.47% | 3.25% |
| **Economic indicators** | | | | |
| GDP (calendar year) | 28,425 | 26,771 | 20,918 | 17,192 |
| GDP (fiscal year) | 28,011 | 26,281 | 20,698 | 16,999 |
| Average annual US inflation rate (calendar year) | 4.1% | 8.0% | 2.4% | 1.5% |
| Average annual US inflation rate (fiscal year) | 5.1% | 7.9% | 2.4% | 1.6% |
| *Change in average annual US inflation from the respective fiscal year to 2023* | *—ppt* | *(2.8)ppt* | *2.7ppt* | *3.5ppt* |
| **Stock indices** | | | | |
| Standard and Poor's 500 (S&P 500) average daily closing price: | | | | |
| Federal fiscal year – October 1 to September 30 | 4,129 | 4,288 | 2,722 | 1,556 |
| *Change from the respective year to 2023* | *—%* | *(4)%* | *52%* | *165%* |
| State and local fiscal year – July 1 to June 30 | 4,009 | 4,400 | 2,626 | 1,486 |
| *Change from the respective year to 2023* | *—%* | *(9)%* | *53%* | *170%* |
| Differences between beginning and ending closing prices of select stock indices, July 1 of the prior year compared to June 30: | | | | |
| S&P 500 | 665 | (512) | 295 | 244 |
| *Change from the respective year to 2023* | *—%* | *(230)%* | *125%* | *172%* |
| Deutsche Boerse AG German Stock Index, Performance (DAXI) – in Euros | 3,364 | (2,747) | (19) | 1,543 |
| *Change from the respective year to 2023* | *—%* | *(222)%* | *nm* | *118%* |
| Nikkei 225: N225 (NIKKEI) – in Japanese Yen | 6,796 | (2,398) | 2,271 | 4,671 |
| *Change from the respective year to 2023* | *—%* | *(383)%* | *199%* | *46%* |
| Financial Times Stock Exchange 100 Index: UKX (FTSE) | 363 | 43 | 324 | 667 |
| *Change from the respective year to 2023* | *—%* | *734%* | *12%* | *(46)%* |
| Chicago Board Options Exchange (CBOE) Volatility Index (VIX) at June 30 | 14 | 27 | 16 | 17 |

| | 2023 | 2022 | 2018 | 2013 |
|---|---|---|---|---|
| **Asset and service prices** | | | | |
| West Texas Intermediate (WTI) crude oil spot price (calendar year, per barrel) | $ 77.58 | $ 94.90 | $ 65.23 | $ 97.98 |
| Consumer Price Index (average monthly for the fiscal year): | | | | |
| Consumer price index | 302.3 | 287.7 | 249.7 | 232.2 |
| *Growth from the respective year to 2023* | *—%* | *5%* | *21%* | *30%* |
| Food price index | 318.1 | 296.0 | 252.5 | 236.3 |
| *Growth from the respective year to 2023* | *—%* | *7%* | *26%* | *35%* |
| Medical care price index | 549.2 | 540.8 | 482.4 | 422.9 |
| *Growth from the respective year to 2023* | *—%* | *2%* | *14%* | *30%* |
| Medical care commodities price index | 399.6 | 385.1 | 381.2 | 334.6 |
| *Growth from the respective year to 2023* | *—%* | *4%* | *5%* | *19%* |
| Medical care services price index | 597.3 | 591.0 | 514.9 | 451.0 |
| *Growth from the respective year to 2023* | *—%* | *1%* | *16%* | *32%* |
| Hospital and related services price index | 1,013.5 | 976.6 | 859.7 | 694.0 |
| *Growth from the respective year to 2023* | *—%* | *4%* | *18%* | *46%* |
| **Housing (calendar year unless otherwise noted)** | | | | |
| US 30-year fixed-rate mortgage interest rate | 6.81% | 5.34% | 4.54% | 3.98% |
| Median new home sales price (in thousands)[1] | $ 429 | $ 435 | $ 326 | $ 269 |
| Median home value (in thousands) (state and local fiscal year)[2] | $ 312 | 301 | $ 224 | $ 173 |
| Existing home sales (in thousands of housing units)[3] | 4,090 | 5,030 | 5,340 | 5,078 |
| New home sales (in thousands of housing units) | 666 | 641 | 617 | 429 |

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

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

[1.] *December of each year*

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

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

## The first five years discussed in this MD&A

The first five-year period discussed in this MD&A began in 2013 as we had recovered from the Great Recession. This period was one of numerous changes in individual income tax law. In December 2010, some tax cuts enacted in the *American Recovery and Reinvestment Act* (ARRA) of 2009, and those enacted during President George W. Bush's term were extended for two more years. Some of those were eventually allowed to expire in December 2012—primarily those affecting high-income taxpayers. In March of 2010, the ACA was enacted, with most of the associated government revenue increases taking effect on January 1, 2013. In December 2012, following President Obama's reelection, he signed into law an extension of the Bush tax cuts again, albeit this time without the lower tax rates on high-income taxpayers. As a result, the top two individual income tax rates reverted to their pre-2001 levels of 39.6% and 36%, while the top income tax rate on capital gains moved from 15% to 20%. These tax rates went into effect in January 2013.

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

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

When comparing fiscal years 2013 and 2018, nominal GDP increased 22%, with the following sectors experiencing the largest increases: finance, insurance, real estate, rental, and leasing; professional and business services; educational services, healthcare, and social assistance; government; construction; manufacturing; and retail trade. The S&P 500 index grew 77%, while the average annual US inflation rate decreased from 1.6% in 2013 to 2.4% in 2018.

## The following five years

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

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

On March 11, 2020, a novel strain of the Coronavirus, also known as COVID-19, was declared a pandemic by the World Health Organization. As a result, a national emergency was declared in the US concerning the COVID-19 outbreak on March 13, 2020. The global spread of COVID-19 in early spring of 2020 resulted in a severe global health and economic crisis. To aid the nation's recovery from COVID-19, Congress passed a series of special appropriations for our Government to use in relief efforts, totaling $2,634 billion and $2,209 billion in fiscal years 2020 and 2021, respectively. COVID-19 appropriations included:

- a refundable tax credit (recovery rebate), referred to as an Economic Impact Payment (EIP):
  - Starting in March 2020, the CARES Act provided EIP of up to $1,200 per adult for eligible individuals and $500 per qualifying child under age 17. The payments were reduced for individuals with AGI greater than $75,000 ($150,000 for married couples filing a joint return). For a family of four, EIP provided up to $3,400 of direct financial relief.
  - The COVID-related *Tax Relief Act of 2020*, enacted in late December 2020, authorized additional payments of up to $600 per adult for eligible individuals and up to $600 for each qualifying child under age 17. The AGI thresholds at which the payments began to be reduced were identical to those under the CARES Act.
  - The ARP, enacted in early March 2021, provided EIP of up to $1,400 for eligible individuals or $2,800 for married couples filing jointly, plus $1,400 for each qualifying dependent, including adult dependents, rather than just qualifying children under age 17. For this third round of EIP, the ARP required an additional "plus-up" payment, which is based on information (such as a recently filed 2020 tax return) that the IRS received after making the initial payment to the eligible individual. This third and final round was primarily distributed in March 2021, while the final deadline for eligible individuals to claim missing payments was April 15, 2025.
- several unemployment programs - see details under *Part I. Item 1. Purpose and Function of Our Government / Major government programs / Unemployment Insurance* of this report. These programs ended on September 6, 2021;
- payments to state, local, territorial, and tribal governments to cover eligible costs incurred in response to the pandemic;
- funds for a variety of education programs administered primarily through grant programs;
- funds to support small businesses and other entities that have been affected during the COVID-19 pandemic, primarily through two programs. The *Paycheck Protection Program* (PPP) is a loan guarantee program designed to provide a direct incentive for small businesses to retain employees by providing loan forgiveness for amounts used for eligible expenses for payroll and benefit costs and interest on mortgages, rent, and utilities. The PPP ended on May 31, 2021. Small Business Administration (SBA) also administered the *Economic Injury Disaster Loan* program (EIDL) designed to provide loans to small business owners. The SBA stopped accepting new EIDL applications on January 1, 2022.

- appropriations to support testing, contact tracing, containment, and mitigation to monitor and suppress the spread of COVID-19, to support COVID-19 vaccination programs as well as address disparities in obtaining quality healthcare; to assist eligible health care providers for health care related expenses or lost revenues attributed to the COVID-19 pandemic; and loans and grants to small businesses, health care providers, and hospitals; and
- financial assistance payments to passenger air carriers and contractors to provide payroll support to aviation workers during the pandemic. These payments ended on September 30, 2021.

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

In November of 2021, Congress signed into law the IIJA, and in August of 2022, two additional significant pieces of legislation were passed - the *Creating Helpful Incentives to Produce Semiconductors for America Act* (CHIPS Act) and the IRA. The IIJA provides $383 billion in funding for a variety of transportation programs over the 2022-2026 period.[55] See further discussion of the IIJA in *Part I. Item 1A. Risk factors* in this report.

Key provisions of the CHIPS Act include[56]:

- provides $39 billion to expand domestic semiconductor manufacturing and $11 billion for research and design;
- invests in workforce development and STEM education, including $200 million to the National Science Foundation (NSF) and establishment of “Tech Hubs”;
- implements guardrails to prevent federal funding from benefiting foreign adversaries;
- provides $500 million to coordinate with allies on secure semiconductor supply chains and trusted telecommunications vendors globally; and
- authorizes $81 billion (over five years) for the NSF to advance artificial intelligence, quantum computing, biotechnology, advanced manufacturing, and cybersecurity.

Key provisions of the IRA include[57]:

- Healthcare and Prescription Drugs
  - enables Medicare drug price negotiation and limits out-of-pocket costs (including $2,000 for Medicare Part D cap and $35 monthly insulin cap);
  - requires manufacturer rebates for drug price increases exceeding inflation; and
  - extends ACA premium tax credits through 2025.
- Clean Energy and Climate Change
  - targets approximately 40% emission reduction by 2030;
  - provides tax credits for electric vehicles, residential clean energy, and domestic manufacturing of clean energy; and
  - funds environmental justice initiatives for disadvantaged communities and supports climate-smart agriculture and rural clean energy transitions.
- Tax Reform and Revenue Provisions
  - establishes a 15% corporate minimum tax and a 1% excise tax on corporate stock repurchases;
  - funds IRS operations to improve taxpayer services and enforcement efforts; and
  - estimated to reduce the federal deficit by more than $300 billion.

During fiscal year 2022, US economic growth slowed, reflecting a confluence of events, including the Russian war against Ukraine and the Federal Reserve's tightening of monetary policy to curb inflation. The US spent $12.4 billion in 2022 and $16.6 billion in 2023 on aid to Ukraine. Meanwhile, supply chain disruptions from the COVID-19 pandemic continued, financial conditions tightened sharply as Treasury yields rose, equity prices fell, and the dollar appreciated.

On August 24, 2022, President Biden announced that to help address the financial harms of the COVID-19 pandemic, he would cancel up to $10,000 in federal student loan debt for borrowers who earn less than $125,000 a year, or families earning less than $250,000, plus up to an additional $10,000 for Pell Grant recipients. This debt relief program was challenged in court, and in June 2023, the US Supreme Court did not rule in favor of it. Interest on student loans restarted in September 2023, and payments began again in October 2023. See further discussion of the student debt relief in *Part 1. Item 1. Purpose and Function of Our Government / Major government programs / Student financial aid* of this report.

When comparing fiscal years 2018 and 2023, nominal GDP grew by 35%* with the following sectors experiencing the largest increases: finance, insurance, real estate, rental, and leasing; professional and business services; manufacturing; educational services, health care, and social assistance; retail trade; and government. The S&P 500 index grew 53%, while the average annual US inflation rate increased from 2.4% in 2018 to 5.1% in 2023.

## Other factors affecting this discussion

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

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

- 2022 to 2023 – 2.6 million* people or less than 1%*, 0.4 million* through births and deaths and 2.2 million* through migration;
- 2018 to 2023 – 7.6 million* people or 2%*, 2.6 million* through births and deaths and 5.0 million* through migration; and
- 2013 to 2023 – 18.5 million* people or 6%*, 8.7 million* through births and deaths and 9.8 million* through migration.

Our population aged 65 years and older grew by:

- 2022 to 2023 – 1.8 million* people or 3%*;
- 2018 to 2023 – 6.9 million* people or 13%*; and
- 2013 to 2023 – 14.6 million* people or 33%*.

# Summary results of operations

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

| (In billions)<br>Year Ended September 30, | 2023 | 2022 | 2021 | 2020 | 2010 | 2000 | 1990 | 1980 |
|---|---|---|---|---|---|---|---|---|
| **As reported** | | | | | | | | |
| Revenue | $ 7,247 | $ 7,558 | $ 7,606 | $ 5,752 | $ 3,931 | $ 3,214 | $ 1,638 | $ 770 |
| Expenditures | $ 8,920 | $ 8,915 | $ 9,142 | $ 8,855 | $ 5,130 | $ 2,804 | $ 1,817 | $ 833 |
| Surplus (deficit) | $ (1,673) | $ (1,357) | $ (1,536) | $ (3,103) | $ (1,199) | $ 410 | $ (179) | $ (63) |
| **Adjusted for inflation[1]** | | | | | | | | |
| Revenue | $ 7,247 | $ 7,941 | $ 8,624 | $ 6,739 | $ 5,467 | $ 5,690 | $ 3,847 | $ 2,909 |
| Expenditures | $ 8,920 | $ 9,366 | $ 10,365 | $ 10,375 | $ 7,134 | $ 4,964 | $ 4,268 | $ 3,147 |
| Surplus (deficit) | $ (1,673) | $ (1,425) | $ (1,741) | $ (3,636) | $ (1,667) | $ 726 | $ (421) | $ (238) |

1. *To show the financial highlights in "real" terms, we have calculated and reported inflation-adjusted amounts using the CPI-U with a baseline year of 2023.*

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

| | 2023 | | | 2022 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal | State and Local | Total | Federal | State and Local | Total | Federal | State and Local | Total | Federal | State and Local |
| Revenues | **$ 7,247** | $ 4,468 | $ 2,779 | **$ 7,558** | $ 5,033 | $ 2,525 | **$ (311)** | $ (565) | $ 254 | **(4)%** | (11)% | 10% |
| Expenditures | **8,920** | 4,931 | 3,989 | **8,915** | 5,148 | 3,767 | **5** | (217) | 222 | **—%** | (4)% | 6% |
| Intergovernmental (expenditures) revenues[1] | **—** | (1,231) | 1,231 | **—** | (1,260) | 1,260 | **—** | 29 | (29) | **nm** | (2)% | (2)% |
| Net surplus (deficit) | **$ (1,673)** | $ (1,694) | $ 21 | **$ (1,357)** | $ (1,375) | $ 18 | **$ (316)** | $ (319) | $ 3 | **23%** | 23% | 17% |
| Estimated impact of inflation on net surplus (deficit) | | | | | | | **$ (69)** | $ (70) | $ 1 | **5%** | 5% | 5% |
| Estimated impact of population growth on net surplus (deficit) | | | | | | | **(11)** | (11) | — | **1%** | 1% | 1% |

| | 2023 | | | 2018 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal | State and Local | Total | Federal | State and Local | Total | Federal | State and Local | Total | Federal | State and Local |
| Revenues | **$ 7,247** | $ 4,468 | $ 2,779 | **$ 5,734** | $ 3,359 | $ 2,375 | **$ 1,513** | $ 1,109 | $ 404 | **26%** | 33% | 17% |
| Expenditures | **8,920** | 4,931 | 3,989 | **6,299** | 3,400 | 2,899 | **2,621** | 1,531 | 1,090 | **42%** | 45% | 38% |
| Intergovernmental (expenditures) revenues[1] | **—** | (1,231) | 1,231 | **—** | (738) | 738 | **—** | (493) | 493 | **nm** | 67% | 67% |
| Net surplus (deficit) | **$ (1,673)** | $ (1,694) | $ 21 | **$ (565)** | $ (779) | $ 214 | **$ (1,108)** | $ (915) | $ (193) | **196%** | 117% | (90)% |
| Estimated impact of inflation on net surplus (deficit) | | | | | | | **$ (119)** | $ (164) | $ 45 | **21%** | 21% | 21% |
| Estimated impact of population growth on net surplus (deficit) | | | | | | | **(15)** | (20) | 5 | **3%** | 3% | 3% |

| | 2023 | | | 2013 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal | State and Local | Total | Federal | State and Local | Total | Federal | State and Local | Total | Federal | State and Local |
| Revenues | **$ 7,247** | $ 4,468 | $ 2,779 | **$ 4,772** | $ 2,805 | $ 1,967 | **$ 2,475** | $ 1,663 | $ 812 | **52%** | 59% | 41% |
| Expenditures | **8,920** | 4,931 | 3,989 | **5,280** | 2,904 | 2,376 | **3,640** | 2,027 | 1,613 | **69%** | 70% | 68% |
| Intergovernmental expenditures (revenues)[1] | **—** | (1,231) | 1,231 | **—** | (580) | 580 | **—** | (651) | 651 | **nm** | 112% | 112% |
| Net surplus (deficit) | **$ (1,673)** | $ (1,694) | $ 21 | **$ (508)** | $ (679) | $ 171 | **$ (1,165)** | $ (1,015) | $ (150) | **229%** | 149% | (88)% |
| Estimated impact of inflation on net surplus (deficit) | | | | | | | **$ (153)** | $ (205) | $ 52 | **30%** | 30% | 30% |
| Estimated impact of population growth on net surplus (deficit) | | | | | | | **(32)** | (43) | 11 | **6%** | 6% | 6% |

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

1. *See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

Our Government ran a net deficit in each of the years discussed in this MD&A and in all intervening years (between 2013 and 2023).

The deficit peaked in 2020, when revenues declined less than 1% and spending increased 32% as compared to the prior year. The expenditure increases reflected significant spending on UI, EIP, and the PPP, intended to help support those who needed assistance due to the economic impacts of COVID-19 and to stimulate the economy. These dynamics illustrate how government finances can be significantly impacted by the health of the overall economy.

In the sections below, we present summary data for each of the one-, five-, and 10-year periods, and discuss the material changes in our Government's results of operations for the one- and 10-year periods presented.

# Revenues[58]

## Fiscal year 2023 compared with fiscal year 2022

| | 2023 | | | 2022 | | | Changes[2] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal | State and Local[1] | Total | Federal | State and Local[1] | Total | Federal | State and Local[1] | Total | Federal | State and Local[1] |
| Individual income taxes | **$ 2,693** | $ 2,177 | $ 516 | **$ 3,233** | $ 2,632 | $ 601 | **$ (540)** | $ (455) | $ (85) | **(17)%** | (17)% | (14)% |
| Payroll taxes | **1,635** | 1,635 | — | **1,504** | 1,504 | — | **131** | 131 | — | **9%** | 9% | nm |
| Sales and excise taxes | **917** | 76 | 841 | **878** | 88 | 790 | **39** | (12) | 51 | **4%** | (14)% | 6% |
| Property taxes | **682** | — | 682 | **648** | — | 648 | **34** | — | 34 | **5%** | nm | 5% |
| Corporate income taxes | **573** | 420 | 153 | **585** | 425 | 160 | **(12)** | (5) | (7) | **(2)%** | (1)% | (4)% |
| Other taxes | **307** | 122 | 185 | **325** | 141 | 184 | **(18)** | (19) | 1 | **(6)%** | (13)% | 1% |
| Tax revenues | **$ 6,807** | $ 4,430 | $ 2,377 | **$ 7,173** | $ 4,790 | $ 2,383 | **$ (366)** | $ (360) | $ (6) | **(5)%** | (8)% | —% |
| Earnings on investments | **$ 196** | $ — | $ 196 | **$ (50)** | $ — | $ (50) | **$ 246** | $ — | $ 246 | **(492)%** | nm | (492)% |
| Federal Reserve earnings | **1** | 1 | — | **108** | 108 | — | **(107)** | (107) | — | **(99)%** | (99)% | nm |
| Sales of government resources | **28** | 7 | 21 | **135** | 115 | 20 | **(107)** | (108) | 1 | **(79)%** | (94)% | 5% |
| Other non-tax revenues | **215** | 30 | 185 | **192** | 20 | 172 | **23** | 10 | 13 | **12%** | 50% | 8% |
| Total non-tax revenues | **$ 440** | $ 38 | $ 402 | **$ 385** | $ 243 | $ 142 | **$ 55** | $ (205) | $ 260 | **14%** | (84)% | 183% |
| Total revenues | **$ 7,247** | $ 4,468 | $ 2,779 | **$ 7,558** | $ 5,033 | $ 2,525 | **$ (311)** | $ (565) | $ 254 | **(4)%** | (11)% | 10% |
| Estimated impact of inflation on total revenues | | | | | | | **$ 383** | $ 255 | $ 128 | **5%** | 5% | 5% |
| Estimated Impact of population growth on total revenues | | | | | | | **63** | 42 | 21 | **1%** | 1% | 1% |

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

1. *State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

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

### 2022 to 2023 | Federal individual income tax revenue

The federal individual income tax revenue decrease of $455 billion can be attributed a negative $517 billion* to changes in average tax rates and $62 billion* to higher individual taxable income.

#### Tax rate changes*

There were no material key statutory individual income tax rate changes when comparing these periods. Changes in federal individual income tax revenue attributable to changes in average tax rates appear to be due to a shift in economic behavior as well as timing differences between tax calendar years and federal fiscal years. In particular, 2022 federal individual income tax revenue included significant cash receipts related to 2021 capital gains, exacerbating the decline in federal revenue from 2022 to 2023.

#### Income changes*

The $62 billion increase in revenue attributable to higher taxable income reflected a $349 billion or 2% increase in aggregate AGI, offset in part by a $192 billion or 6% increase in aggregate deductions and exemptions. Following are the income components of AGI shown by AGI group (cohort).

| (In billions) | 2023 Wages and Salaries | 2023 Capital Gains | 2023 Partnership and S-Corp | 2023 All Other[1] | 2023 Total AGI | 2022 Wages and Salaries | 2022 Capital Gains | 2022 Partnership and S-Corp | 2022 All Other[1] | 2022 Total AGI |
|---|---|---|---|---|---|---|---|---|---|---|
| Less than $1 | $ 24 | $ 11 | $ (58) | $ (127) | **$ (150)** | $ 26 | $ 17 | $ (64) | $ (145) | **$ (166)** |
| $1-$50K | 1,526 | 7 | 3 | 343 | **1,879** | 1,526 | 10 | 2 | 383 | **1,921** |
| $50,001-$75K | 1,175 | 7 | 9 | 290 | **1,481** | 1,129 | 12 | 9 | 298 | **1,448** |
| $75,001-$100K | 1,013 | 10 | 12 | 319 | **1,354** | 974 | 15 | 12 | 304 | **1,305** |
| $100,001-$200K | 2,736 | 56 | 60 | 903 | **3,755** | 2,554 | 77 | 60 | 809 | **3,500** |
| $200,001-$500K | 2,158 | 124 | 171 | 635 | **3,088** | 1,936 | 168 | 167 | 552 | **2,823** |
| $500,001-$1 million | 701 | 102 | 170 | 204 | **1,177** | 638 | 137 | 165 | 176 | **1,116** |
| Over $1 million | 755 | 696 | 634 | 504 | **2,589** | 777 | 1,003 | 666 | 431 | **2,877** |
| Total | $ 10,088 | $ 1,013 | $ 1,001 | $ 3,071 | **$ 15,173** | $ 9,560 | $ 1,439 | $ 1,017 | $ 2,808 | **$ 14,824** |

| (In billions, except percentages) | Changes Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI | Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI |
|---|---|---|---|---|---|---|---|---|---|---|
| Less than $1 | $ (2) | $ (6) | $ 6 | $ 18 | **$ 16** | (8)% | (35)% | 9% | 12% | **10%** |
| $1-$50K | — | (3) | 1 | (40) | **(42)** | —% | (30)% | 50% | (10)% | **(2)%** |
| $50,001-$75K | 46 | (5) | — | (8) | **33** | 4% | (42)% | —% | (3)% | **2%** |
| $75,001-$100K | 39 | (5) | — | 15 | **49** | 4% | (33)% | —% | 5% | **4%** |
| $100,001-$200K | 182 | (21) | — | 94 | **255** | 7% | (27)% | —% | 12% | **7%** |
| $200,001-$500K | 222 | (44) | 4 | 83 | **265** | 11% | (26)% | 2% | 15% | **9%** |
| $500,001-$1 million | 63 | (35) | 5 | 28 | **61** | 10% | (26)% | 3% | 16% | **5%** |
| Over $1 million | (22) | (307) | (32) | 73 | **(288)** | (3)% | (31)% | (5)% | 17% | **(10)%** |
| Total | $ 528 | $ (426) | $ (16) | $ 263 | **$ 349** | 6% | (30)% | (2)% | 9% | **2%** |

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

### AGI by cohort

AGI increased for nearly all income cohorts, most significantly for the cohorts with AGI between $100,001 and $500,000, a group which saw its aggregate AGI increase $520 billion or 8%. The cohort with the largest dollar amount growth, at an increase of $265 billion, was the one with AGI between $200,001 and $500,000, while the largest percentage rate growth, at an increase of 10%, was for the cohort with AGI less than $1. The increases in AGI for these cohorts were offset in part by a $288 billion or 10% decrease in AGI for the cohort where AGI is over $1 million, driven primarily by decreased capital gains. The cohort where AGI is between $1 and $50,000 also decreased by $42 billion or 2%, driven primarily by decreased income within the “All Other” category. The increase in AGI for nearly all income cohorts was driven primarily by higher wages and salaries.

### AGI by income type

Income from wages and salaries increased $528 billion or 6%, comprising over 150% of the overall increase in AGI. All AGI cohorts saw wages and salaries growth, except for the highest income cohort with AGI over $1 million and the lowest income cohort with AGI less than $1. The largest dollar amount and percentage rate growth of wages and salaries, at an increase of $222 billion or 11%, was for the cohort with AGI between $200,001 and $500,000.

Income within the “All Other” category increased $263 billion or 9%, comprising 75% of the overall increase in AGI. All cohorts saw growth in “All Other” income, except for the cohorts with AGI between $1 and $75,000. The largest dollar amount growth, at an increase of $94 billion, was for the cohort with AGI between $100,001 and $200,000, while the largest percentage rate growth, at an increase of 17%, was for the cohort with AGI over $1 million. The increase in “All Other” income was driven primarily by a $143 billion or 113% increase in taxable interest, a $97 billion or 14% increase in ordinary and qualified dividends, and a $63 billion or 14% increase in social security benefits, offset in part by a decrease of $44 billion or 59% in unemployment compensation. When comparing 2022 to 2023, there was a 3%* increase in our population aged 65 years and older, which may be a driver of the increase in taxable social security benefits.

The increases in AGI above were offset in part by a $426 billion or 30% decrease in capital gains. All AGI cohorts saw decreased capital gains. The largest dollar amount decrease at $307 billion, was for the cohort with AGI over $1 million, while the largest percentage rate decline, at a decrease of 42%, was for the cohort with AGI between $50,001 and $75,000.

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

| (In thousands, except percentages) | 2023 | 2022 | Changes | |
|---|---|---|---|---|
| Less than $1 | 2,449 | 3,466 | (1,017) | (29)% |
| $1-$50K | 78,208 | 81,491 | (3,283) | (4)% |
| $50,001-$75K | 24,053 | 23,518 | 535 | 2% |
| $75,001-$100K | 15,627 | 15,050 | 577 | 4% |
| $100,001-$200K | 27,174 | 25,426 | 1,748 | 7% |
| $200,001-$500K | 10,721 | 9,775 | 946 | 10% |
| $500,001-$1 million | 1,753 | 1,660 | 93 | 6% |
| Over $1 million | 801 | 823 | (22) | (3)% |
| Total | 160,786 | 161,209 | (423) | —% |

The number of tax returns filed increased for all AGI cohorts except for the lowest income cohorts with AGI of $50,000 or less, which decreased by 4.3 million tax returns in aggregate, and cohorts with AGI over $1 million. The group with the highest increase in the number of returns filed was the cohort with AGI between $100,001 and $200,000, at an increase of 1.7 million returns, while the group with the highest percentage increase in the number of returns filed was the cohort with AGI between $200,001 and $500,000, at an increase of 10%.

## Deductions and exemptions

| | 2023 | | | | | 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (In billions) | Itemized Deductions | Standard Deductions | Exemptions[1] | Limitations[2] | Total Deductions / Exemptions | Itemized Deductions | Standard Deductions | Exemptions[1] | Limitations[2] | Total Deductions / Exemptions |
| Less than $1 | $ — | $ — | $ — | $ (149) | **$ (149)** | $ — | $ — | $ — | $ (166) | **$ (166)** |
| $1-$50K | 57 | 1,261 | — | (201) | **1,117** | 58 | 1,243 | — | (189) | **1,112** |
| $50,001-$75K | 48 | 424 | — | 7 | **479** | 51 | 395 | — | 8 | **454** |
| $75,001-$100K | 57 | 294 | — | 7 | **358** | 54 | 273 | — | 7 | **334** |
| $100,001-$200K | 161 | 552 | — | 30 | **743** | 148 | 488 | — | 31 | **667** |
| $200,001-$500K | 145 | 191 | — | 45 | **381** | 133 | 160 | — | 42 | **335** |
| $500,001-$1 million | 59 | 22 | — | 21 | **102** | 54 | 19 | — | 20 | **93** |
| Over $1 million | 159 | 7 | — | 92 | **258** | 168 | 6 | — | 94 | **268** |
| Total | $ 686 | $ 2,751 | $ — | $ (148) | **$ 3,289** | $ 666 | $ 2,584 | $ — | $ (153) | **$ 3,097** |

| | Changes | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Itemized Deductions | Standard Deductions | Exemptions[1] | Limitations[2] | Total Deductions / Exemptions | Itemized Deductions | Standard Deductions | Exemptions[1] | Limitations[2] | Total Deductions / Exemptions |
| Less than $1 | $ — | $ — | $ — | $ 17 | **$ 17** | —% | —% | —% | (10)% | **(10)%** |
| $1-$50K | (1) | 18 | — | (12) | **5** | (2)% | 1% | —% | 6% | **—%** |
| $50,001-$75K | (3) | 29 | — | (1) | **25** | (6)% | 7% | —% | (13)% | **6%** |
| $75,001-$100K | 3 | 21 | — | — | **24** | 6% | 8% | —% | —% | **7%** |
| $100,001-$200K | 13 | 64 | — | (1) | **76** | 9% | 13% | —% | (3)% | **11%** |
| $200,001-$500K | 12 | 31 | — | 3 | **46** | 9% | 19% | —% | 7% | **14%** |
| $500,001-$1 million | 5 | 3 | — | 1 | **9** | 9% | 16% | —% | 5% | **10%** |
| Over $1 million | (9) | 1 | — | (2) | **(10)** | (5)% | 17% | —% | (2)% | **(4)%** |
| Total | $ 20 | $ 167 | $ — | $ 5 | **$ 192** | 3% | 6% | —% | (3)% | **6%** |

1. *Exemptions were eliminated with the TCJA, effective January 1, 2018.*
2. *Limitations represents the effect of limiting taxable income to no less than zero. If the combination of deductions and exemptions exceeds AGI, the excess deductions and exemptions are disallowed.*

The $192 billion aggregate increase in deductions and exemptions when comparing these years reflected higher deductions and lower disallowances due to limitations. The cohort with the largest dollar change, at an increase of $77 billion in deductions (before limitations), was the cohort with AGI between $100,001 and $200,000. The cohort with the largest percentage change, at an increase of 15% (before limitations), was the cohort with AGI between $200,001 and $500,000. The decrease in disallowances due to limitations accounted for 3% of the total change in deductions, decreasing $5 billion or 3%. The cohort with the largest limitation dollar change, at a decrease of $17 billion, was the cohort with AGI less than $1. The cohort with the largest limitation percent change, at a decrease of 13%, was the cohort with AGI between $50,001 and $75,000.

## 2022 to 2023 | Payroll tax revenue

The $131 billion increase in payroll tax revenue was driven primarily by a $129 billion or 12% increase in Social Security tax revenues. These increased Social Security tax revenues reflect an $83 billion* increase attributable to higher taxable income and a $45 billion* increase attributable to tax rate changes, driven by a $688 billion* or 8%* increase in earnings subject to Social Security taxes. The overall Social Security tax rate (employee and employer combined) was 12.4%* in each year.

## 2022 to 2023 | State and local earnings on investments[59]

State and local earnings on investments comprise earnings on funds held by retirement, workers' compensation, and other trusts. These earnings increased $246 billion or 492% in 2023 due to a $141 billion or 3% increase in investment balances and changes in investment performance. The increase in investment balances was driven primarily by an increase in US corporate equities ($107 billion or 4%).

During these periods, these state and local funds were invested primarily in US corporate equities held by pension funds (57% in both 2023 and 2022), corporate and foreign bonds held by pension funds (10% in both 2023 and 2022), Treasury securities (7% in both 2023 and 2022), and miscellaneous assets (20% in 2023 and 19% in 2022).

There was volatility in stock markets when comparing these periods. Using state and local fiscal year (July 1 to June 30) starting and ending values to calculate the performance for each year, the annual performance of the S&P 500 increased 230% and the US Prime interest rate increased from 3.43% in 2022 to 7.0% in 2023.

## 2022 to 2023 | Federal Reserve earnings

The $107 billion or 99% decrease in revenue from Federal Reserve earnings reflects the reduction in the Federal Reserve's holdings of securities consistent with its May 4, 2022 press release "Plans for Reducing the Size of the Federal Reserve's Balance Sheet".[60] This process, known as "quantitative tightening," allows maturing securities to roll off the balance sheet and is intended to reduce overall liquidity in the financial system and ease high inflation following the balance sheet growth during the COVID-19 pandemic. As a result, Federal Reserve earnings decreased due to reduced purchases of securities (including Treasury securities and federal agency and GSE MBS) and lower returns on those securities.

Note that the interest payments made by the federal government to the Federal Reserve and the earnings remitted by the Federal Reserve to the federal government can be seen as partially offsetting each other. This is because these are largely the same underlying dollars; the federal government pays interest on its debt securities held by the Federal Reserve, the Federal Reserve receives those dollars and then remits most of those dollars back to the federal government. We report the inflows in non-tax revenues and the outflows in net interest paid because the Federal Reserve is a separate legal entity from the federal government.

## 2022 to 2023 | Federal sales of government resources

The $108 billion or 94% decrease in federal sales of government resources primarily reflects a $104 billion or 100% decrease in proceeds from auctions of licenses for the rights to transmit signals over the electromagnetic spectrum due to the expiration of the Federal Communications Commission's authority to conduct spectrum auctions in 2023. These auctions were restored in 2025 and were extended through 2034.

## Fiscal year 2023 compared with fiscal year 2018

| | 2023 | | | 2018 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal | State and Local[1] | Total | Federal | State and Local[1] | Total | Federal | State and Local[1] | Total | Federal | State and Local[1] |
| Individual income taxes | **$ 2,693** | $ 2,177 | $ 516 | **$ 2,114** | $ 1,684 | $ 430 | **$ 579** | $ 493 | $ 86 | **27%** | 29% | 20% |
| Payroll taxes | **1,635** | 1,635 | — | **1,189** | 1,189 | — | **446** | 446 | — | **38%** | 38% | nm |
| Sales and excise taxes | **917** | 76 | 841 | **713** | 95 | 618 | **204** | (19) | 223 | **29%** | (20)% | 36% |
| Property taxes | **682** | — | 682 | **548** | — | 548 | **134** | — | 134 | **24%** | nm | 24% |
| Corporate income taxes | **573** | 420 | 153 | **262** | 205 | 57 | **311** | 215 | 96 | **119%** | 105% | 168% |
| Other taxes | **307** | 122 | 185 | **205** | 74 | 131 | **102** | 48 | 54 | **50%** | 65% | 41% |
| Tax revenues | **$ 6,807** | $ 4,430 | $ 2,377 | **$ 5,031** | $ 3,247 | $ 1,784 | **$ 1,776** | $ 1,183 | $ 593 | **35%** | 36% | 33% |
| Earnings on investments | **$ 196** | $ — | $ 196 | **$ 443** | $ — | $ 443 | **$ (247)** | $ — | $ (247) | **(56)%** | nm | (56)% |
| Federal Reserve earnings | **1** | 1 | — | **71** | 71 | — | **(70)** | (70) | — | **(99)%** | (99)% | nm |
| Sales of government resources | **28** | 7 | 21 | **23** | 10 | 13 | **5** | (3) | 8 | **22%** | (30)% | 62% |
| Other non-tax revenues | **215** | 30 | 185 | **166** | 31 | 135 | **49** | (1) | 50 | **30%** | 3% | 37% |
| Total non-tax revenues | **$ 440** | $ 38 | $ 402 | **$ 703** | $ 112 | $ 591 | **$ (263)** | $ (74) | $ (189) | **(37)%** | (66)% | (32)% |
| Total revenues | **$ 7,247** | $ 4,468 | $ 2,779 | **$ 5,734** | $ 3,359 | $ 2,375 | **$ 1,513** | $ 1,109 | $ 404 | **26%** | 33% | 17% |
| Estimated impact of inflation on total revenues | | | | | | | **$ 1,207** | $ 707 | $ 500 | **21%** | 21% | 21% |
| Estimated impact of population growth on total revenues | | | | | | | **145** | 85 | 60 | **3%** | 3% | 3% |

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

1. *State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

## Fiscal year 2023 compared with fiscal year 2013

| | 2023 | | | 2013 | | | Changes[2] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal | State and Local[1] | Total | Federal | State and Local[1] | Total | Federal | State and Local[1] | Total | Federal | State and Local[1] |
| Individual income taxes | **$ 2,693** | $ 2,177 | $ 516 | **$ 1,656** | $ 1,316 | $ 340 | **$ 1,037** | $ 861 | $ 176 | **63%** | 65% | 52% |
| Payroll taxes | **1,635** | 1,635 | — | **966** | 966 | — | **669** | 669 | — | **69%** | 69% | nm |
| Sales and excise taxes | **917** | 76 | 841 | **588** | 84 | 504 | **329** | (8) | 337 | **56%** | (10)% | 67% |
| Property taxes | **682** | — | 682 | **453** | — | 453 | **229** | — | 229 | **51%** | nm | 51% |
| Corporate income taxes | **573** | 420 | 153 | **327** | 274 | 53 | **246** | 146 | 100 | **75%** | 53% | 189% |
| Other taxes | **307** | 122 | 185 | **174** | 61 | 113 | **133** | 61 | 72 | **76%** | 100% | 64% |
| Tax revenues | **$ 6,807** | $ 4,430 | $ 2,377 | **$ 4,164** | $ 2,701 | $ 1,463 | **$ 2,643** | $ 1,729 | $ 914 | **63%** | 64% | 62% |
| Earnings on investments | **$ 196** | $ — | $ 196 | **$ 378** | $ — | $ 378 | **$ (182)** | $ — | $ (182) | **(48)%** | nm | (48)% |
| Federal Reserve earnings | **1** | 1 | — | **76** | 76 | — | **(75)** | (75) | — | **(99)%** | (99)% | nm |
| Sales of government resources | **28** | 7 | 21 | **26** | 12 | 14 | **2** | (5) | 7 | **8%** | (42)% | 50% |
| Other non-tax revenues | **215** | 30 | 185 | **128** | 16 | 112 | **87** | 14 | 73 | **68%** | 88% | 65% |
| Total non-tax revenues | **$ 440** | $ 38 | $ 402 | **$ 608** | $ 104 | $ 504 | **$ (168)** | $ (66) | $ (102) | **(28)%** | (63)% | (20)% |
| Total revenues | **$ 7,247** | $ 4,468 | $ 2,779 | **$ 4,772** | $ 2,805 | $ 1,967 | **$ 2,475** | $ 1,663 | $ 812 | **52%** | 59% | 41% |
| Estimated impact of inflation on total revenues | | | | | | | **$ 1,439** | $ 846 | $ 593 | **30%** | 30% | 30% |
| Estimated impact of population growth on total revenues | | | | | | | **303** | 178 | 125 | **6%** | 6% | 6% |

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

1. *State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*
2. *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

### 2013 to 2023 | Federal individual income tax revenue

The federal individual income tax revenue increase of $861 billion can be attributed to a negative $19 billion* to changes in average tax rates and $880 billion* to higher individual taxable income.

## Tax rate changes

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

- The TCJA reduced individual income tax rates overall, effective January 1, 2018, including:
  - decreasing the top individual income tax rate from 39.6% to 37%;
  - eliminating the personal exemptions, and capping the state and local tax deduction at $10,000, while nearly doubling the amount of the standard deduction;
  - increasing the child tax credit; and
  - providing a 20% deduction of qualified business income and certain dividends for individuals; and
- the mid-fiscal year 2013 expiration of several tax cuts as part of the *American Taxpayer Relief Act of 2012*, which primarily affected high-income taxpayers, including:
  - increasing the top federal individual income tax bracket rate from 35% to 39.6%;
  - increasing the second highest federal individual income tax bracket rate from 33% to 35%;
  - increasing the top federal individual income tax rates on both capital gains and qualified dividends from 15% to 20%;
  - increasing the federal estate tax rate from 35% to 40%; and
  - phasing out certain itemized deductions and personal exemptions; and
- new income taxes effective mid-fiscal year 2013 as part of the ACA, including:
  - a new 3.8% Unearned Income Medicare Contribution tax that applies to high-income tax returns;
  - tighter restrictions on what qualifies as an expenditure under Health Savings Accounts and Flexible Savings Accounts; and
  - an increase in the AGI threshold for the medical expenditures itemized deduction from 7.5% of AGI to 10% of AGI for taxpayers under 55.

## Income changes*

The $880 billion increase in revenue attributable to higher taxable income reflected a $6,078 billion or 67% increase in aggregate AGI, offset in part by a $585 billion or 22% increase in aggregate deductions and exemptions. Following are the income components of AGI shown by AGI cohort.

| | 2023 | | | | | 2013 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (In billions) | Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI | Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI |
| Less than $1 | $ 24 | $ 11 | $ (58) | $ (127) | **$ (150)** | $ 19 | $ 14 | $ (43) | $ (187) | **$ (197)** |
| $1-$50K | 1,526 | 7 | 3 | 343 | **1,879** | 1,552 | 6 | 7 | 386 | **1,951** |
| $50,001-$75K | 1,175 | 7 | 9 | 290 | **1,481** | 913 | 8 | 9 | 250 | **1,180** |
| $75,001-$100K | 1,013 | 10 | 12 | 319 | **1,354** | 816 | 11 | 13 | 238 | **1,078** |
| $100,001-$200K | 2,736 | 56 | 60 | 903 | **3,755** | 1,649 | 39 | 55 | 439 | **2,182** |
| $200,001-$500K | 2,158 | 124 | 171 | 635 | **3,088** | 856 | 62 | 115 | 222 | **1,255** |
| $500,001-$1 million | 701 | 102 | 170 | 204 | **1,177** | 270 | 47 | 97 | 70 | **484** |
| Over $1 million | 755 | 696 | 634 | 504 | **2,589** | 357 | 331 | 279 | 195 | **1,162** |
| Total | $ 10,088 | $ 1,013 | $ 1,001 | $ 3,071 | **$ 15,173** | $ 6,432 | $ 518 | $ 532 | $ 1,613 | **$ 9,095** |

| | Changes | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI | Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI |
| Less than $1 | $ 5 | $ (3) | $ (15) | $ 60 | **$ 47** | 26% | (21)% | (35)% | 32% | **24%** |
| $1-$50K | (26) | 1 | (4) | (43) | **(72)** | (2)% | 17% | (57)% | (11)% | **(4)%** |
| $50,001-$75K | 262 | (1) | — | 40 | **301** | 29% | (13)% | —% | 16% | **26%** |
| $75,001-$100K | 197 | (1) | (1) | 81 | **276** | 24% | (9)% | (8)% | 34% | **26%** |
| $100,001-$200K | 1,087 | 17 | 5 | 464 | **1,573** | 66% | 44% | 9% | 106% | **72%** |
| $200,001-$500K | 1,302 | 62 | 56 | 413 | **1,833** | 152% | 100% | 49% | 186% | **146%** |
| $500,001-$1 million | 431 | 55 | 73 | 134 | **693** | 160% | 117% | 75% | 191% | **143%** |
| Over $1 million | 398 | 365 | 355 | 309 | **1,427** | 111% | 110% | 127% | 158% | **123%** |
| Total | $ 3,656 | $ 495 | $ 469 | $ 1,458 | **$ 6,078** | 57% | 96% | 88% | 90% | **67%** |

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

### AGI by cohort

AGI increased for nearly all income cohorts, most significantly for the cohorts with AGI above $100,000, a group which saw its aggregate AGI increase over $5,526 billion or 109%. The cohort with the largest dollar and percentage increase in AGI was the one with AGI between $200,001 and $500,000, at an increase of $1,833 billion or 146%, driven primarily by by higher wages and salaries but with increases across all sources of income. The increases in AGI for these cohorts were offset in part by a $72 billion or 4% decrease in AGI for the cohort where AGI is between $1 and $50,000, driven primarily by decreased income within the “All Other” category and decreased wages and salaries.

### AGI by income type

Income from wages and salaries increased $3,656 billion or 57%, comprising 60% of the overall increase in AGI. All AGI cohorts saw wages and salaries growth, except for the cohort with AGI between $1 and $50,000. The largest dollar amount of wages and salaries growth, at an increase of $1,302 billion or 152%, was for the cohort with AGI between $200,001 and $500,000. The highest percentage rate of wages and salaries growth, at 160%, was for the cohort with AGI between $500,001 and $1 million.

Income within the “All Other” category increased $1,458 billion or 90%, comprising 24% of the overall increase in AGI. All cohorts saw growth in “All Other” income, except for the cohorts with AGI between $1 and $50,000. The largest dollar amount growth, at an increase of $464 billion, was for the cohort with AGI between $100,001 and $200,000, while the largest percentage rate growth, at an increase of 191%, was for the cohort with AGI between $500,001 and $1 million. The increase in “All Other” income was driven primarily by a $416 billion or 105% increase in ordinary and qualified dividends, a $295 billion or 47% increase in pensions and annuities, a $272 billion or 114% increase in social security benefits, a $220 billion or 101% increase in individual retirement arrangements (IRA) distributions, and a $165 billion or 160% increase in taxable interest. When comparing 2013 to 2023, there was a 33%* increase in our population aged 65 years and older, which may be a driver of the increase in pensions and annuities, social security benefits, and IRA distributions.

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

| (In thousands, except percentages) | 2023 | 2013 | Changes | |
|---|---|---|---|---|
| Less than $1 | 2,449 | 2,116 | 333 | 16% |
| $1-$50K | 78,208 | 91,292 | (13,084) | (14)% |
| $50,001-$75K | 24,053 | 19,168 | 4,885 | 25% |
| $75,001-$100K | 15,627 | 12,457 | 3,170 | 25% |
| $100,001-$200K | 27,174 | 16,231 | 10,943 | 67% |
| $200,001-$500K | 10,721 | 4,405 | 6,316 | 143% |
| $500,001-$1 million | 1,753 | 719 | 1,034 | 144% |
| Over $1 million | 801 | 358 | 443 | 124% |
| Total | 160,786 | 146,746 | 14,040 | 10% |

The number of income tax returns filed for the cohort with AGI between $1 and $50,000 decreased by 13.1 million tax returns or 14%, while the number of tax returns filed increased for all other AGI cohorts. The group with the highest increase in the number of returns filed was the cohort with AGI between $100,001 and $200,000, at an increase of 10.9 million returns, while the group with the highest percentage increase in the number of returns filed was the cohort with AGI between $500,001 and $1 million, at an increase of 144%.

### Deductions and exemptions

| (In billions) | 2023 Itemized Deductions | 2023 Standard Deductions | 2023 Exemptions | 2023 Limitations[1] | 2023 Total Deductions / Exemptions | 2013 Itemized Deductions | 2013 Standard Deductions | 2013 Exemptions | 2013 Limitations[1] | 2013 Total Deductions / Exemptions |
|---|---|---|---|---|---|---|---|---|---|---|
| Less than $1 | $ — | $ — | $ — | $ (149) | **$ (149)** | $ — | $ — | $ 12 | $ (209) | **$ (197)** |
| $1-$50K | 57 | 1,261 | — | (201) | **1,117** | 173 | 623 | 593 | (216) | **1,173** |
| $50,001-$75K | 48 | 424 | — | 7 | **479** | 145 | 111 | 162 | (2) | **416** |
| $75,001-$100K | 57 | 294 | — | 7 | **358** | 151 | 58 | 119 | (1) | **327** |
| $100,001-$200K | 161 | 552 | — | 30 | **743** | 334 | 40 | 172 | (2) | **544** |
| $200,001-$500K | 145 | 191 | — | 45 | **381** | 185 | 3 | 42 | (1) | **229** |
| $500,001-$1 million | 59 | 22 | — | 21 | **102** | 60 | 1 | 2 | (1) | **62** |
| Over $1 million | 159 | 7 | — | 92 | **258** | 151 | — | 1 | (2) | **150** |
| Total | $ 686 | $ 2,751 | $ — | $ (148) | **$ 3,289** | $ 1,199 | $ 836 | $ 1,103 | $ (434) | **$ 2,704** |

| (In billions, except percentages) | Changes Itemized Deductions | Standard Deductions | Exemptions | Limitations[1] | Total Deductions / Exemptions | Itemized Deductions | Standard Deductions | Exemptions | Limitations[1] | Total Deductions / Exemptions |
|---|---|---|---|---|---|---|---|---|---|---|
| Less than $1 | $ — | $ — | $ (12) | $ 60 | **$ 48** | —% | —% | (100)% | (29)% | **(24)%** |
| $1-$50K | (116) | 638 | (593) | 15 | **(56)** | (67)% | 102% | (100)% | (7)% | **(5)%** |
| $50,001-$75K | (97) | 313 | (162) | 9 | **63** | (67)% | 282% | (100)% | (450)% | **15%** |
| $75,001-$100K | (94) | 236 | (119) | 8 | **31** | (62)% | 407% | (100)% | (800)% | **9%** |
| $100,001-$200K | (173) | 512 | (172) | 32 | **199** | (52)% | 1,280% | (100)% | nm | **37%** |
| $200,001-$500K | (40) | 188 | (42) | 46 | **152** | (22)% | 6,267% | (100)% | nm | **66%** |
| $500,001-$1 million | (1) | 21 | (2) | 22 | **40** | (2)% | 2,100% | (100)% | nm | **65%** |
| Over $1 million | 8 | 7 | (1) | 94 | **108** | 5% | —% | (100)% | nm | **72%** |
| Total | $ (513) | $ 1,915 | $ (1,103) | $ 286 | **$ 585** | (43)% | 229% | (100)% | (66)% | **22%** |

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

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

The $585 billion increase in net deductions and exemptions when comparing these years reflects a shift in mix of deductions and exemptions, largely due to tax law changes from the TCJA (see the above section - *Tax rate changes*).

The cohort with the largest dollar change, at an increase of $167 billion or 31% in deductions and exemptions (before limitations), is the cohort with AGI between $100,001 and $200,000. The cohort with the largest percentage change, at a decrease of 100% or $12 billion (before limitations), is the cohort with AGI less than $1. The aggregate gross increase in deductions and exemptions was further increased by lower disallowances due to limitations, which were seen across all AGI cohorts.

## 2013 to 2023 | State and local individual income tax revenue

From 2013 and 2023, state and local individual income tax revenue increased $176 billion. Detailed 2023 data is not available from the IRS. In the absence of 2023 data, we compared 2013 and 2022 (the most recent year available). Comparing these periods, state and local individual income tax revenue increased $261 billion, attributable $196 billion** to higher taxable income and $65 billion** to changes in average tax rates.

### Income changes**

The $196 billion increase attributable to higher individual taxable income reflected a $4,205 billion or 58% increase in the aggregate AGI of all individual taxpayers in all states that tax individual income. Following are the income components of this AGI shown by AGI cohort.

| (In billions) | 2022 Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI | 2013 Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI |
|---|---|---|---|---|---|---|---|---|---|---|
| Less than $1 | $ 21 | $ 13 | $ (48) | $ (108) | **$ (122)** | $ 15 | $ 11 | $ (29) | $ (141) | **$ (144)** |
| $1-$50K | 1,174 | 7 | 1 | 306 | **1,488** | 1,215 | 4 | 5 | 311 | **1,535** |
| $50,001-$75K | 884 | 9 | 7 | 238 | **1,138** | 731 | 6 | 7 | 202 | **946** |
| $75,001-$100K | 770 | 11 | 9 | 242 | **1,032** | 660 | 9 | 10 | 193 | **872** |
| $100,001-$200K | 2,028 | 58 | 46 | 642 | **2,774** | 1,340 | 31 | 44 | 354 | **1,769** |
| $200,001-$500K | 1,541 | 124 | 130 | 431 | **2,226** | 698 | 49 | 92 | 173 | **1,012** |
| $500,001-$1 million | 510 | 101 | 128 | 130 | **869** | 221 | 37 | 78 | 52 | **388** |
| Over $1 million | 607 | 685 | 484 | 299 | **2,075** | 290 | 246 | 217 | 144 | **897** |
| Total | $ 7,535 | $ 1,008 | $ 757 | $ 2,180 | **$ 11,480** | $ 5,170 | $ 393 | $ 424 | $ 1,288 | **$ 7,275** |

| (In billions, except percentages) | Changes Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI | Wages and Salaries | Capital Gains | Partnership and S-Corp | All Other[1] | Total AGI |
|---|---|---|---|---|---|---|---|---|---|---|
| Less than $1 | $ 6 | $ 2 | $ (19) | $ 33 | **$ 22** | 40% | 18% | (66)% | 23% | **15%** |
| $1-$50K | (41) | 3 | (4) | (5) | **(47)** | (3)% | 75% | (80)% | (2)% | **(3)%** |
| $50,001-$75K | 153 | 3 | — | 36 | **192** | 21% | 50% | —% | 18% | **20%** |
| $75,001-$100K | 110 | 2 | (1) | 49 | **160** | 17% | 22% | (10)% | 25% | **18%** |
| $100,001-$200K | 688 | 27 | 2 | 288 | **1,005** | 51% | 87% | 5% | 81% | **57%** |
| $200,001-$500K | 843 | 75 | 38 | 258 | **1,214** | 121% | 153% | 41% | 149% | **120%** |
| $500,001-$1 million | 289 | 64 | 50 | 78 | **481** | 131% | 173% | 64% | 150% | **124%** |
| Over $1 million | 317 | 439 | 267 | 155 | **1,178** | 109% | 178% | 123% | 108% | **131%** |
| Total | $ 2,365 | $ 615 | $ 333 | $ 892 | **$ 4,205** | 46% | 156% | 79% | 69% | **58%** |

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

### AGI by cohort

For states that tax individual income, AGI increased for nearly all income cohorts, most significantly for the cohorts with AGI above $100,000, a group which saw its aggregate AGI increase $3,878 billion or 95%. The cohort with the largest dollar amount growth, at an increase of $1,214 billion, was the one with AGI between $200,001 and $500,000, while the largest percentage rate growth, at an increase of 131%, was the cohort with AGI over $1 million. These increases were driven primarily by higher wages and salaries but with increases across all sources of income. The increases in AGI for these cohorts were offset in part by a $47 billion or 3% decrease in AGI for the cohort where AGI is between $1 and $50,000, driven primarily by decreased wages and salaries.

### AGI by income type

Over 55% of the overall $4,205 billion increase in AGI in states that tax individual income was driven by higher wages and salaries, which increased $2,365 billion or 46%. All AGI cohorts saw wages and salaries growth, except for the cohort with AGI between $1 and $50,000. The largest dollar amount of growth, at an increase of $843 billion, was for the cohort with AGI between $200,001 and $500,000. The highest percentage rate of wages and salaries growth, at an increase of 131%, was for the cohort with AGI between $500,001 and $1 million.

Income within the “All Other” category increased $892 billion or 69%, comprising 21% of the overall increase in AGI. All cohorts saw growth in “All Other” income, except for the cohorts with AGI between $1 and $50,000. The largest dollar amount of growth, at an increase of $288 billion, was for the cohort with AGI between $100,001 and $200,000, while the largest percentage rate of growth, at an increase of 150%, was for the cohort with AGI between $500,001 and $1 million.

### Tax rate changes**

The $65 billion increase in state and local individual income tax revenue attributable to tax rate changes is due to more income in higher tax rate brackets and changes in statutory tax rates. Regarding the shift in mix from lower to higher income tax brackets, the aggregate AGI for all groups with AGI greater than $100,000 increased 95%, while the aggregate AGI for all groups with AGI of $100,000 or less increased 10%. There were multiple statutory tax rate changes at the state level when comparing these periods. Nine states increased their individual income tax rates. Maine had the largest rate increase, raising the tax rate on the lowest income bracket by 5.8 percentage points. Twenty-two states decreased their

individual income tax rates. Mississippi had the largest rate decrease, lowering the rate on the lowest income bracket by 3.0 percentage points.[61]

## 2013 to 2023 | Payroll tax revenue

The $669 billion increase in payroll tax revenue was driven primarily by a $526 billion or 76% increase in Social Security tax revenues. These increased Social Security tax revenues reflect a $449 billion* increase attributable to higher taxable income and a $77 billion* increase attributable to tax rate changes, driven by a $3,818 billion* or 65%* increase in earnings subject to Social Security taxes. The overall Social Security tax rate (employee and employer combined) was 12.4%* in each year.

## 2013 to 2023 | State and local sales and excise taxes

The $337 billion growth in revenue from state and local sales and excise taxes reflects a $259 billion or 77% increase in general sales tax revenues and a $78 billion or 47% increase in selective sales tax revenues.

### General sales tax revenues

General sales tax revenues increased due to increased consumption of taxable goods and services, and a net increase in unweighted state-level general sales tax rates. Household consumption of most categories of taxable goods and services increased when comparing these periods, led by recreation and entertainment ($554 billion or 89% increase)**, food and non-alcoholic beverages away from home ($445 billion or 90% increase)**, technology ($315 billion or 59% increase)**, principal and down payments on cars ($259 billion or 92% increase)**, and household supplies, jewelry, and personal care ($258 billion or 59% increase)**.[62] Between 2013 and 2022 (the most recent data available), state-level general sales tax rates increased in eight states ranging from 0.2 and 0.5 percentage points, while three states decreased ranging from 0.3 and 1.0 percentage points.[7] Between 2013 and 2022, local governments also both increased and decreased their sales tax rates.

### Selective sales tax revenues

Selective sales tax revenues increased across nearly every major category, led by a $16 billion or 38% increase in tax revenues from motor fuels and a $16 billion or 86% increase in tax revenues from insurance premiums. The increases in selective sales tax revenues are due to changes in both consumption of the selected goods and services and the related tax rates. Unit consumption of finished motor gasoline and distillate fuel oil increased 2%**[63] and spending on insurance premiums increased 82%**[64]. Between 2013 and 2022 (the most recent data available) the unweighted average of gas tax rates across all states increased 33%.[7] We are not aware of an aggregated source of data for state and local government tax rates on insurance premiums.

## 2013 to 2023 | State and local earnings on investments[59]

State and local earnings on investments decreased $182 billion or 48% when comparing these periods, despite positive public market performance. Using state and local fiscal year (July 1 to June 30) starting and ending values to calculate the performance for each year, the S&P 500 increased 172% and the US Prime rate increased from 3.25% in 2013 to 7.0% in 2023. The divergence may reflect differences in asset allocation and specific investment performance, as state and local governments may invest in a broader mix of assets, including private equities, which may not closely track overall public market performance.

Investment balances increased $2,182 billion or 69% driven primarily by increases in US corporate equities of $998 or 49%, Treasury securities of $156 billion or 81%, and miscellaneous assets of $971 billion or 885%.

During these periods, these state and local funds were primarily invested in US corporate equities held by pension funds (57% in 2023 and 65% in 2013), corporate and foreign bonds held by pension funds (10% in 2023 and 15% in 2013), Treasury securities (7% in 2023 and 6% in 2013), and miscellaneous assets held by pension funds (20% in 2023 and 3% in 2013).

# Expenditures by function[65]

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

## Fiscal year 2023 compared with fiscal year 2022

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2022 Total | 2022 Federal[1] | 2022 State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Transfer payments to individuals and subsidies | **$ 4,414** | $ 3,302 | $ 1,112 | **$ 4,564** | $ 3,527 | $ 1,037 | **$ (150)** | $ (225) | $ 75 | **(3)%** | (6)% | 7% |
| Personnel and compensation | **2,162** | 728 | 1,434 | **2,028** | 687 | 1,341 | **134** | 41 | 93 | **7%** | 6% | 7% |
| Payments to others for goods and services | **1,050** | 143 | 907 | **1,169** | 294 | 875 | **(119)** | (151) | 32 | **(10)%** | (51)% | 4% |
| Capital expenditures | **743** | 245 | 498 | **660** | 228 | 432 | **83** | 17 | 66 | **13%** | 7% | 15% |
| Net interest paid | **696** | 658 | 38 | **558** | 476 | 82 | **138** | 182 | (44) | **25%** | 38% | (54)% |
| Other | **(145)** | (145) | — | **(64)** | (64) | — | **(81)** | (81) | — | **127%** | 127% | nm |
| Total expenditures | **$ 8,920** | $ 4,931 | $ 3,989 | **$ 8,915** | $ 5,148 | $ 3,767 | **$ 5** | $ (217) | $ 222 | **—%** | (4)% | 6% |
| Estimated impact of inflation on total expenditures | | | | | | | **$ 452** | $ 261 | $ 191 | **5%** | 5% | 5% |
| Estimated impact of population growth on total expenditures | | | | | | | **74** | 43 | 31 | **1%** | 1% | 1% |

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

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

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

### 2022 to 2023 | Federal transfer payments to individuals and subsidies

The $225 billion decrease in federal transfer payments to individuals and subsidies reflects both increases and decreases across major programs. The most significant changes are discussed below.

#### Education benefits (excluding veterans)

Education benefits decreased $352 billion or 65%, driven primarily by a decrease in Federal Direct Student Loan Program (FDSL) expenditures following the reversal of broad-based student debt relief. The decrease in FDSL expenditures reflects a $328 billion or 69% decrease in FDSL program costs, which consisted primarily of a $319 billion or 73% decrease from subsidies for modifications of direct loans. When comparing these years, there was a 1% decrease in the number of FDSL recipients, and the average dollar amount of loans disbursed increased 1%. Also, when comparing these years, average undergraduate tuition and required fees increased 3%.

#### Social Security

Social Security payments increased $129 billion or 12% driven by:

- a 1.0 million person or 2% increase in the number of OASDI recipients, including an increase of 1.4 million recipients or 2% for OASI, offset in part by a decrease of 0.4 million recipients or 4% for DI; and
- a 10% increase in the average monthly benefit payment, including increases of $162 or 10% for OASI and $118 or 10% for DI.

The average OASI recipient age remained the same at 72 during these periods, while the average DI recipient age increased from 50 to 51 in 2023. The population aged 65 years and older, the cohort we track that is most likely to be receiving OASI benefits, increased 3%*.

## 2022 to 2023 | State and local transfer payments to individuals and subsidies

The $75 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a $67 billion or 8% increase in Medicaid and Children's Health Insurance Program (CHIP) payments. This increase reflects:

- 4.2 million or 5% growth in person-year equivalent enrollment, including 1.6 million adult enrollees (10% growth), 1.3 million child enrollees (4% growth), and 0.9 million expansion adult enrollees (4% growth); and
- a $1,112 or 13% increase in average annual per enrollee spending, driven primarily by a $1,878 or 7% increase in per enrollee spending for the disabled, the most expensive group served, and a $1,114 or 6% increase in per enrollee spending for the aged, the second most expensive group served.

Over half of Medicaid spending for enrollees was for capitation payments to managed care plans.

## 2022 to 2023 | State and local personnel and compensation

The $93 billion increase in state and local personnel and compensation payments comprised growth of $79 billion or 8% in compensation for current employees and $19 billion or 5% in compensation for former employees, offset in part by a $5 billion or 6% increase in employee contributions to their own retirement/disability funds.

### Current employees

The 8% increase in compensation for current employees was driven by a 7%** or $3.43** per hour increase in compensation (excluding pension), including 8%** growth in wages and salaries and 5%** growth in health insurance benefits. The number of state and local government full-time equivalent employees increased 2%**, which includes an increase of 2%** in full-time equivalent education employees.

Pension contributions made by current employees to their own pensions grew 6% when comparing these years. Contributions made by state and local government employers on behalf of their employees grew 13% when comparing these years, primarily related to defined benefit plans, which made up 93% of total employer pension contributions in 2023 and increased 8% when comparing these years.

### Former employees

The 5% increase in compensation for former employees was driven by a 2% increase in the number of retirees receiving periodic benefits and a 3% increase in the average benefit payment per recipient. The increase in number of retirees receiving benefits may be driven in part by our aging population; our population aged 65 years and older grew by 3%* when comparing these years.

## 2022 to 2023 | Federal payments to others for goods and services

The $151 billion decrease in federal payments to others for goods and services was primarily driven by a $103 billion decrease in outlays from the Coronavirus Relief Fund, which provided payments to state, local, territorial, and tribal governments to cover eligible pandemic-related costs, and a decrease of $10 billion for SBA business loans programs largely attributable to substantially lower pandemic-related loan and loan guarantee activity. For additional information regarding the reduction in COVID-19 expenditures, see *Note 29 – COVID-19 activity* in *Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements* within this annual report.

## 2022 to 2023 | Federal net interest paid

The $182 billion increase in federal net interest paid was driven by a $1,995 billion or 9% increase in federal marketable Treasury securities outstanding and a change in the mix of securities towards those with shorter terms and higher interest rates. The average interest rate for 1-month Treasury securities increased 3.91 percentage points or 504% during this period, for 3-month Treasury securities increased 3.88 percentage points or 363%, and for 6-month Treasury securities increased 3.65 percentage points or 257%.

## Fiscal year 2023 compared with fiscal year 2018

| | 2023 | | | 2018 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(In billions, except percentages)** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** |
| Transfer payments to individuals and subsidies | **$ 4,414** | $ 3,302 | $ 1,112 | **$ 2,959** | $ 2,193 | $ 766 | **$ 1,455** | $ 1,109 | $ 346 | **49%** | 51% | 45% |
| Personnel and compensation | **2,162** | 728 | 1,434 | **1,702** | 600 | 1,102 | **460** | 128 | 332 | **27%** | 21% | 30% |
| Payments to others for goods and services | **1,050** | 143 | 907 | **705** | 139 | 566 | **345** | 4 | 341 | **49%** | 3% | 60% |
| Capital expenditures | **743** | 245 | 498 | **574** | 181 | 393 | **169** | 64 | 105 | **29%** | 35% | 27% |
| Net interest paid | **696** | 658 | 38 | **397** | 325 | 72 | **299** | 333 | (34) | **75%** | 102% | (47)% |
| Other | **(145)** | (145) | — | **(38)** | (38) | — | **(107)** | (107) | — | **282%** | 282% | nm |
| Total expenditures | **$ 8,920** | $ 4,931 | $ 3,989 | **$ 6,299** | $ 3,400 | $ 2,899 | **$ 2,621** | $ 1,531 | $ 1,090 | **42%** | 45% | 38% |
| Estimated impact of inflation on total expenditures | | | | | | | **$ 1,325** | $ 715 | $ 610 | **21%** | 21% | 21% |
| Estimated impact of population growth on total expenditures | | | | | | | **159** | 86 | 73 | **3%** | 3% | 3% |

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

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

## Fiscal year 2023 compared with fiscal year 2013

| | 2023 | | | 2013 | | | Changes[2] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(In billions, except percentages)** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** |
| Transfer payments to individuals and subsidies | **$ 4,414** | $ 3,302 | $ 1,112 | **$ 2,436** | $ 1,870 | $ 566 | **$ 1,978** | $ 1,432 | $ 546 | **81%** | 77% | 96% |
| Personnel and compensation | **2,162** | 728 | 1,434 | **1,445** | 545 | 900 | **717** | 183 | 534 | **50%** | 34% | 59% |
| Payments to others for goods and services | **1,050** | 143 | 907 | **637** | 125 | 512 | **413** | 18 | 395 | **65%** | 14% | 77% |
| Capital expenditures | **743** | 245 | 498 | **497** | 173 | 324 | **246** | 72 | 174 | **49%** | 42% | 54% |
| Net interest paid | **696** | 658 | 38 | **295** | 221 | 74 | **401** | 437 | (36) | **136%** | 198% | (49)% |
| Other | **(145)** | (145) | — | **(30)** | (30) | — | **(115)** | (115) | — | **383%** | 383% | nm |
| Total expenditures | **$ 8,920** | $ 4,931 | $ 3,989 | **$ 5,280** | $ 2,904 | $ 2,376 | **$ 3,640** | $ 2,027 | $ 1,613 | **69%** | 70% | 68% |
| Estimated impact of inflation on total expenditures | | | | | | | **$ 1,593** | $ 876 | $ 717 | **30%** | 30% | 30% |
| Estimated impact of population growth on total expenditures | | | | | | | **335** | 184 | 151 | **6%** | 6% | 6% |

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

2. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

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

## 2013 to 2023 | Federal transfer payments to individuals and subsidies

The $1,432 billion increase in federal transfer payments to individuals and subsidies reflects both increases and decreases across major programs. The most significant changes are discussed below.

### Social Security

Social Security payments increased $531 billion or 80%, driven by:

- a 9.1 million person or 16% increase in the number of OASDI recipients, including an increase of 11.5 million recipients or 25% for OASI, offset in part by a decrease of 2.4 million recipients or 22% for DI; and
- a 42% increase in the average monthly benefit payment, including increases of $555 or 46% for OASI and $368 or 37% for DI.

The average OASI recipient age increased from 71 to 72 during these periods, while the average DI recipient age increased from 46 to 51 in 2023. The population aged 65 years and older, the cohort we track that is most likely to be receiving OASI benefits, increased 33%*.

### Medicare

Medicare payments (net of premiums received) increased $427 billion or 75%, reflecting a 14.1 million* person or 27%* increase in Medicare enrollees and a 36%* increase in average cost per beneficiary (net of premiums received). Medicare premiums received increased $73 billion or 106% when comparing these years. See further discussion of this program in *Part I. Item 1. Purpose and Function of Our Government / Major government programs / Medicare*.

Our population aged 65 years and older (one eligibility requirement for Medicare) grew by 33%* when comparing these years. General medical care cost inflation was 30%, with prices of medical commodities inflating 19%, medical services inflating 32%, and hospitals inflating 47%.[66]

### Veterans benefits

Veterans benefits payments increased $156 billion or 116%, despite a 20%* decline in the number of veterans. This growth in expenditures was largely driven by an $89 billion or 150% increase in veterans compensation payments. The increase primarily reflects a 1.9 million or 51% increase in the number of disability compensation recipients and a $10,374 or 79% increase in the average annual disability compensation payment. There was also a 120 thousand or 32% increase in the number of surviving beneficiary compensation recipients, and a $4,486 or 29% increase in the average annual surviving beneficiary compensation payment.

## 2013 to 2023 | State and local transfer payments to individuals and subsidies

The $546 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a $433 billion or 94% increase in Medicaid and CHIP payments. This increase reflects:

- 35.1 million or 62% growth in person-year equivalent enrollment, including 23.9 million expansion adult enrollees; 6.2 million child enrollees (23% growth), and 3.0 million aged enrollees (50% growth); and
- a $2,858 or 40% increase in average annual per enrollee spending, driven primarily by a $9,216 or 51% increase in per enrollee spending for the disabled, the most expensive group served, a $4,748 or 31% increase in per enrollee spending for the aged, the second most expensive group served, and a $1,560 or 37% increase in per enrollee spending for adults. Per enrollee spending for expansion adults in 2023 was $8,021.

Over half of Medicaid spending for enrollees was for capitation payments to managed care plans.

## 2013 to 2023 | State and local personnel and compensation

The $534 billion increase in state and local personnel and compensation payments comprised growth of $416 billion or 60% in compensation for current employees and $148 billion or 56% in compensation for former employees, offset in part by a $30 billion or 48% increase in employee contributions to their own retirement/disability funds.

### Current employees

The 60% increase in compensation for current employees was driven by a 31%** or $12.00** per hour increase in compensation (excluding pension), including 31%** growth in wages and salaries and 30%** growth in health insurance benefits. The number of state and local government full-time equivalent employees increased 5%**, which includes an increase of 5%** in full-time equivalent education employees.

Pension contributions made by current employees to their own pensions grew 48% when comparing these years. Contributions made by state and local government employers on behalf of their employees grew 102% when comparing these years, primarily related to defined benefit plans, which made up 93% of total employer pension contributions in 2023 and increased 107% when comparing these years.

### Former employees

The 56% increase in compensation for former employees was driven by a 31% increase in the number of retirees receiving periodic benefits and a 23% increase in the average benefit payment per recipient. The increase in number of retirees receiving benefits may be driven in part by our aging population; our population aged 65 years and older grew by 33%* when comparing these years.

## 2013 to 2023 | Federal net interest paid

The $437 billion increase in federal net interest paid was driven by a $13,231 billion or 123% increase in federal marketable Treasury securities outstanding and a change in the mix of securities towards those with shorter terms and higher interest rates. The average interest rate for 1-month Treasury securities increased 4.63 percentage points or 8,522% during this period, for 3-month Treasury securities increased 4.89 percentage points or 7,599%, and for 6-month Treasury securities increased 4.96 percentage points or 4,951%.

## Expenditures by segment[65]

| | 2023 | | | 2022 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(In billions, except percentages)** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** |
| Justice and Domestic Tranquility | **$ 503** | $ 101 | $ 402 | **$ 446** | $ 69 | $ 377 | **$ 57** | $ 32 | $ 25 | **13%** | 46% | 7% |
| Common Defense | **1,214** | 1,212 | 2 | **1,132** | 1,130 | 2 | **82** | 82 | — | **7%** | 7% | —% |
| General Welfare | **2,409** | 805 | 1,604 | **2,344** | 875 | 1,469 | **65** | (70) | 135 | **3%** | (8)% | 9% |
| Blessings of Liberty | **4,615** | 2,932 | 1,683 | **4,754** | 3,121 | 1,633 | **(139)** | (189) | 50 | **(3)%** | (6)% | 3% |
| General government support and other | **179** | (119) | 298 | **239** | (47) | 286 | **(60)** | (72) | 12 | **(25)%** | 153% | 4% |
| Total expenditures | **$ 8,920** | $ 4,931 | $ 3,989 | **$ 8,915** | $ 5,148 | $ 3,767 | **$ 5** | $ (217) | $ 222 | **—%** | (4)% | 6% |
| Estimated impact of inflation on total expenditures | | | | | | | **$ 452** | $ 261 | $ 191 | **5%** | 5% | 5% |
| Estimated impact of population growth on total expenditures | | | | | | | **74** | 43 | 31 | **1%** | 1% | 1% |

| | 2023 | | | 2018 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(In billions, except percentages)** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** |
| Justice and Domestic Tranquility | **$ 503** | $ 101 | $ 402 | **$ 381** | $ 67 | $ 314 | **$ 122** | $ 34 | $ 88 | **32%** | 51% | 28% |
| Common Defense | **1,214** | 1,212 | 2 | **874** | 873 | 1 | **340** | 339 | 1 | **39%** | 39% | 100% |
| General Welfare | **2,409** | 805 | 1,604 | **1,539** | 430 | 1,109 | **870** | 375 | 495 | **57%** | 87% | 45% |
| Blessings of Liberty | **4,615** | 2,932 | 1,683 | **3,360** | 2,052 | 1,308 | **1,255** | 880 | 375 | **37%** | 43% | 29% |
| General government support and other | **179** | (119) | 298 | **145** | (22) | 167 | **34** | (97) | 131 | **23%** | 441% | 78% |
| Total expenditures | **$ 8,920** | $ 4,931 | $ 3,989 | **$ 6,299** | $ 3,400 | $ 2,899 | **$ 2,621** | $ 1,531 | $ 1,090 | **42%** | 45% | 38% |
| Estimated impact of inflation on total expenditures | | | | | | | **$ 1,325** | $ 715 | $ 610 | **21%** | 21% | 21% |
| Estimated impact of population growth on total expenditures | | | | | | | **159** | 86 | 73 | **3%** | 3% | 3% |

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2013 Total | 2013 Federal[1] | 2013 State and Local | Changes Total | Changes Federal[1] | Changes State and Local | Changes Total | Changes Federal[1] | Changes State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Justice and Domestic Tranquility | **$ 503** | $ 101 | $ 402 | **$ 325** | $ 55 | $ 270 | **$ 178** | $ 46 | $ 132 | **55%** | 84% | 49% |
| Common Defense | **1,214** | 1,212 | 2 | **832** | 831 | 1 | **382** | 381 | 1 | **46%** | 46% | 100% |
| General Welfare | **2,409** | 805 | 1,604 | **1,307** | 452 | 855 | **1,102** | 353 | 749 | **84%** | 78% | 88% |
| Blessings of Liberty | **4,615** | 2,932 | 1,683 | **2,678** | 1,576 | 1,102 | **1,937** | 1,356 | 581 | **72%** | 86% | 53% |
| General government support and other | **179** | (119) | 298 | **138** | (10) | 148 | **41** | (109) | 150 | **30%** | nm | 101% |
| Total expenditures | **$ 8,920** | $ 4,931 | $ 3,989 | **$ 5,280** | $ 2,904 | $ 2,376 | **$ 3,640** | $ 2,027 | $ 1,613 | **69%** | 70% | 68% |
| Estimated impact of inflation on total expenditures | | | | | | | **$ 1,593** | $ 876 | $ 717 | **30%** | 30% | 30% |
| Estimated impact of population growth on total expenditures | | | | | | | **335** | 184 | 151 | **6%** | 6% | 6% |

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

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this Annual Report).*

## Justice and Domestic Tranquility

In 2023, this segment's expenditures comprise 6% of the overall Government budget. The majority (76%) of this segment's expenditures comprise state and local government crime and disaster, of which 65% are law enforcement and corrections expenditures. See *Exhibit 99.04* for more information on the largest items in each of this segment's expenditure categories.

### Fiscal year 2023 compared with fiscal year 2022

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2022 Total | 2022 Federal[1] | 2022 State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Crime and disaster | **$ 475** | $ 93 | $ 382 | **$ 417** | $ 59 | $ 358 | **$ 58** | $ 34 | $ 24 | **14%** | 58% | 7% |
| Safeguarding consumers and employees | **28** | 8 | 20 | **29** | 10 | 19 | **(1)** | (2) | 1 | **(3)%** | (20)% | 5% |
| Total Justice and Domestic Tranquility | **$ 503** | $ 101 | $ 402 | **$ 446** | $ 69 | $ 377 | **$ 57** | $ 32 | $ 25 | **13%** | 46% | 7% |
| As a percentage of total expenditures | **6%** | 2% | 10% | **5%** | 1% | 10% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 22** | $ 3 | $ 19 | **5%** | 5% | 5% |
| Estimated impact of population growth on segment expenditures | | | | | | | **4** | 1 | 3 | **1%** | 1% | 1% |

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*
2. *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

### Federal crime and disaster

The $34 billion increase in federal crime and disaster expenditures was driven primarily by a $28 billion or 211% increase in disaster relief expenditures. This increase reflects a $13 billion or 75% increase in the SBA Disaster Loans Program Account and a $7 billion increase in FEMA's Disaster Relief Fund. The SBA Disaster Loan Program provides low-interest loans to homeowners, renters, and businesses to support recovery from declared disasters. FEMA's Disaster Relief Fund is the primary source of funding for general disaster relief programs and is funded through appropriations approved by congress. It was replenished in 2023 after significant depletion in 2022 following high-cost disasters that occurred during 2022. The number of billion-dollar weather and climate disaster incidents increased 56% compared to the prior year.[67]

### State and local crime and disaster

The $24 billion increase in state and local crime and disaster expenditures was driven primarily by a $15 billion or 6% increase in law enforcement and corrections costs, reflecting a $10 billion or 7% increase in law enforcement expenditures and a $5 billion or 6% increase in corrections expenditures. In addition, justice system costs increased $5 billion or 8%.

The $10 billion increase in law enforcement expenditures was driven by a $10 billion or 7% increase in police protection operations costs. Annualized gross payroll costs for state and local police protection employees grew $5 billion or 6% when comparing these years, while the number of state and local police protection full-time equivalent employees remained flat. When comparing these years, violent crimes increased 1%** while related arrests increased 24%**, and property crimes increased 4%** while related arrests increased 26%**. See discussion of crime and arrests within *Item 7. Management's Discussion and Analysis / Key metrics by segment / Justice and Domestic Tranquility / Crime and disaster / Crime*.

The $5 billion increase in corrections expenditures comprised mainly a $5 billion or 5% increase in correctional operations costs. Annualized gross payroll costs for state and local corrections employees grew $2 billion or 4% when comparing these years, while the number of correctional full-time equivalent employees remained flat. When comparing these years, the number of people incarcerated in state prisons increased 2%*, while the number of people incarcerated in local jails remained flat. See discussion of incarceration within *Item 7. Management's Discussion and Analysis / Key metrics by segment / Justice and Domestic Tranquility / Crime and disaster / Incarceration*.

The $5 billion increase in justice system costs reflects growth of $2 billion or 7% in annualized gross payroll costs for state and local judicial and legal employees, while the number of state and local judicial and legal full-time equivalent employees increased 2%.

## Fiscal year 2023 compared with fiscal year 2018

| | 2023 | | | 2018 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(In billions, except percentages)** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** |
| Crime and disaster | **$ 475** | $ 93 | $ 382 | **$ 360** | $ 60 | $ 300 | **$ 115** | $ 33 | $ 82 | **32%** | 55% | 27% |
| Safeguarding consumers and employees | **28** | 8 | 20 | **21** | 7 | 14 | **7** | 1 | 6 | **33%** | 14% | 43% |
| Total Justice and Domestic Tranquility | **$ 503** | $ 101 | $ 402 | **$ 381** | $ 67 | $ 314 | **$ 122** | $ 34 | $ 88 | **32%** | 51% | 28% |
| As a percentage of total expenditures | **6%** | 2% | 10% | **6%** | 2% | 11% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 80** | $ 14 | $ 66 | **21%** | 21% | 21% |
| Estimated impact of population growth on segment expenditures | | | | | | | **10** | 2 | 8 | **3%** | 3% | 3% |

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

## Fiscal year 2023 compared with fiscal year 2013

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2013 Total | 2013 Federal[1] | 2013 State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Crime and disaster | **$ 475** | $ 93 | $ 382 | **$ 306** | $ 50 | $ 256 | **$ 169** | $ 43 | $ 126 | **55%** | 86% | 49% |
| Safeguarding consumers and employees | **28** | 8 | 20 | **19** | 5 | 14 | **9** | 3 | 6 | **47%** | 60% | 43% |
| Total Justice and Domestic Tranquility | **$ 503** | $ 101 | $ 402 | **$ 325** | $ 55 | $ 270 | **$ 178** | $ 46 | $ 132 | **55%** | 84% | 49% |
| As a percentage of total expenditures | **6%** | 2% | 10% | **6%** | 2% | 11% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 98** | $ 17 | $ 81 | **30%** | 30% | 30% |
| Estimated impact of population growth on segment expenditures | | | | | | | **20** | 3 | 17 | **6%** | 6% | 6% |

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*
2. *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

### Federal crime and disaster

The $43 billion increase in federal crime and disaster expenditures was driven by a $26 billion or 173% increase in disaster relief expenditures, including a $29 billion or 5,302% in the SBA Disaster Loans Program Account. The number of billion-dollar weather and climate disaster incidents increased 180% when comparing these years, with the most notable 2023 disaster being the Southern/Midwestern drought and heat wave at a total cost of $15 billion.[67]

### State and local crime and disaster

The $126 billion increase in state and local crime and disaster expenditures was driven primarily by a $79 billion or 46% increase in law enforcement and corrections costs, reflecting a $53 billion or 54% increase in law enforcement expenditures and a $26 billion or 36% increase in corrections expenditures. In addition, fire protection costs increased $27 billion or 63%.

The $53 billion increase in law enforcement expenditures was driven by a $53 billion or 54% increase in police protection operations costs. Annualized gross payroll costs for state and local police protection employees grew $26 billion or 43% when comparing these years, while the number of state and local police protection full-time equivalent employees increased 4%. When comparing these years, violent crimes increased 4%** while related arrests decreased 5%**, and property crimes decreased 26%** while related arrests decreased 45%**. See discussion of crime and arrests within *Item 7. Management's Discussion and Analysis / Key metrics by segment / Justice and Domestic Tranquility / Crime and disaster / Crime*.

The $26 billion increase in corrections expenditures comprised mainly a $26 billion or 37% increase in correctional operations costs. Annualized gross payroll costs for state and local corrections employees grew $12 billion or 32% when comparing these years, while the number of correctional full-time equivalent employees decreased 9%. When comparing these years, there was a 20%* and 9% decrease in the number of people incarcerated in state prisons and in local jails, respectively. See discussion of incarceration within *Item 7. Management's Discussion and Analysis / Key metrics by segment / Justice and Domestic Tranquility / Crime and disaster / Incarceration*.

The $27 billion increase in fire protection costs reflects growth of $13 billion or 53% in annualized gross payroll costs for state and local fire protection employees, while the number of state and local fire protection full-time equivalent employees increased 13%. Overall non-natural disaster fire incidents increased 11%** when comparing these years.

## Common Defense

In 2023, this segment's expenditures comprise 14% of the overall Government budget. Expenditures for national defense comprise nearly 70% of this segment's expenditures, while most of the rest (approximately 25%) comprise costs of support for veterans. See *Exhibit 99.04* for more information on the largest items in each of this segment's expenditure categories.

### Fiscal year 2023 compared with fiscal year 2022

| | 2023 | | | 2022 | | | Changes[2] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local |
| National defense | **$ 820** | $ 820 | $ — | **$ 766** | $ 766 | $ — | **$ 54** | $ 54 | $ — | **7%** | 7% | nm |
| Support for veterans | **301** | 299 | 2 | **274** | 272 | 2 | **27** | 27 | — | **10%** | 10% | —% |
| Foreign affairs and foreign aid | **70** | 70 | — | **72** | 72 | — | **(2)** | (2) | — | **(3)%** | (3)% | nm |
| Immigration and border security | **23** | 23 | — | **20** | 20 | — | **3** | 3 | — | **15%** | 15% | nm |
| Total Common Defense | **$ 1,214** | $ 1,212 | $ 2 | **$ 1,132** | $ 1,130 | $ 2 | **$ 82** | $ 82 | $ — | **7%** | 7% | —% |
| As a percentage of total expenditures | **14%** | 25% | —% | **13%** | 22% | —% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 57** | $ 57 | $ — | **5%** | 5% | 5% |
| Estimated impact of population growth on segment expenditures | | | | | | | **9** | 9 | — | **1%** | 1% | 1% |

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

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

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

#### National defense

The $54 billion increase in national defense expenditures reflects:

- a $26 billion or 9% increase in operations and maintenance expenditures, mostly for the Air Force and Navy;
- a $15 billion or 14% increase in R&D expenditures, mostly for the Air Force; and
- a $6 billion or 4% increase in military procurement expenditures, mostly for the Navy and Air Force.

When comparing these years, the number of active-duty military personnel decreased 2% and civilian military personnel increased 5%.

#### Federal support for veterans

The $27 billion increase in federal support for veterans expenditures was driven primarily by a $15 billion or 14% increase in veterans medical care costs and an $11 billion or 8% increase in pension and disability benefits expenditures, despite a 2%* decline in the number of veterans.

The 14% increase in veterans medical care costs was driven primarily by a $10 billion or 17% increase in veterans medical services costs, and a $4 billion or 16% increase in expenditures in the Veterans Community Care Program (VCCP), which allows veterans to see outside providers based on certain factors. The number of patients who received care at a VHA facility when comparing these years remained flat, while medical care inflation was 2%.

The 8% increase in pension and disability benefits expenditures was driven primarily by growth of $13 billion or 9% in veteran compensation payments. This growth primarily reflects a 245 thousand or 5% increase in the number of disability compensation recipients and a $2,819 or 14% increase in the average annual disability compensation payment. There was also a 20 thousand or 4% increase in the number of surviving beneficiary compensation recipients, and a $1,593 or 9% increase in the average annual surviving beneficiary compensation payment.

## Fiscal year 2023 compared with fiscal year 2018

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2018 Total | 2018 Federal[1] | 2018 State and Local | Changes Total | Changes Federal[1] | Changes State and Local | Changes Total | Changes Federal[1] | Changes State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| National defense | **$ 820** | $ 820 | $ — | **$ 631** | $ 631 | $ — | **$ 189** | $ 189 | $ — | **30%** | 30% | nm |
| Support for veterans | **301** | 299 | 2 | **178** | 177 | 1 | **123** | 122 | 1 | **69%** | 69% | 100% |
| Foreign affairs and foreign aid | **70** | 70 | — | **49** | 49 | — | **21** | 21 | — | **43%** | 43% | nm |
| Immigration and border security | **23** | 23 | — | **16** | 16 | — | **7** | 7 | — | **44%** | 44% | nm |
| Total Common Defense | **$ 1,214** | $ 1,212 | $ 2 | **$ 874** | $ 873 | $ 1 | **$ 340** | $ 339 | $ 1 | **39%** | 39% | 100% |
| As a percentage of total expenditures | **14%** | 25% | —% | **14%** | 26% | —% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 184** | $ 184 | $ — | **21%** | 21% | 21% |
| Estimated impact of population growth on segment expenditures | | | | | | | **22** | 22 | — | **3%** | 3% | 3% |

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

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

## Fiscal year 2023 compared with fiscal year 2013

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2013 Total | 2013 Federal[1] | 2013 State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| National defense | **$ 820** | $ 820 | $ — | **$ 633** | $ 633 | $ — | **$ 187** | $ 187 | $ — | **30%** | 30% | nm |
| Support for veterans | **301** | 299 | 2 | **139** | 138 | 1 | **162** | 161 | 1 | **117%** | 117% | 100% |
| Foreign affairs and foreign aid | **70** | 70 | — | **46** | 46 | — | **24** | 24 | — | **52%** | 52% | nm |
| Immigration and border security | **23** | 23 | — | **14** | 14 | — | **9** | 9 | — | **64%** | 64% | nm |
| Total Common Defense | **$ 1,214** | $ 1,212 | $ 2 | **$ 832** | $ 831 | $ 1 | **$ 382** | $ 381 | $ 1 | **46%** | 46% | 100% |
| As a percentage of total expenditures | **14%** | 25% | —% | **16%** | 29% | —% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 251** | $ 251 | $ — | **30%** | 30% | 30% |
| Estimated impact of population growth on segment expenditures | | | | | | | **53** | 53 | — | **6%** | 6% | 6% |

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

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*
2. *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

### National defense

The $187 billion increase in national defense expenditures reflects:

- a $58 billion or 22% increase in operations and maintenance, mostly for the Navy and Air Force;
- a $55 billion or 82% increase in R&D expenditures, mostly for the Air Force; and
- a $33 billion or 22% increase in military personnel expenditures, mostly for the Navy and Air Force.

When comparing these years, the number of active-duty military personnel decreased 7% and civilian military personnel increased 7%.

### Federal support for veterans

The $161 billion increase in federal support for veterans expenditures was driven primarily by an $85 billion or 129% increase in pension and disability benefits expenditures and a $72 billion or 139% increase in veterans medical care costs, despite a 20%* decline in the number of veterans.

The 129% increase in pension and disability benefits expenditures was driven primarily by growth of $89 billion or 150% in veteran compensation payments. This growth primarily reflects a 1.9 million or 51% increase in the number of disability

compensation recipients and a $10,374 or 79% increase in the average annual disability compensation payment. There was also a 120 thousand or 32% increase in the number of surviving beneficiary compensation recipients, and a $4,486 or 29% increase in the average annual surviving beneficiary compensation payment.

The 139% increase in veterans medical care costs was driven primarily by a $30 billion or 73% increase in veterans medical services costs and VCCP expenditures of $28 billion. There was a 10% increase in the number of patients who received care at a VHA facility when comparing these years, while medical care inflation was 30%.

## General Welfare

In 2023, this segment's expenditures comprise 27% of the overall Government budget. Expenditures for standard of living and aid to the disadvantaged comprise nearly 70% of this segment's expenditures. Nearly 70% of the expenditures for standard of living and aid to the disadvantaged are for state and local medical assistance to the poor, including Medicaid and CHIP. See *Exhibit 99.04* for more information on the largest items in each of this segment's expenditure categories.

### Fiscal year 2023 compared with fiscal year 2022

| | 2023 | | | 2022 | | | Changes[2] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local |
| Economy and infrastructure | **$ 482** | $ 205 | $ 277 | **$ 342** | $ 108 | $ 234 | **$ 140** | $ 97 | $ 43 | **41%** | 90% | 18% |
| Standard of living and aid to the disadvantaged | **1,625** | 497 | 1,128 | **1,658** | 618 | 1,040 | **(33)** | (121) | 88 | **(2)%** | (20)% | 8% |
| Health (excluding Medicaid and Medicare) | **302** | 103 | 199 | **344** | 149 | 195 | **(42)** | (46) | 4 | **(12)%** | (31)% | 2% |
| Total General Welfare | **$ 2,409** | $ 805 | $ 1,604 | **$ 2,344** | $ 875 | $ 1,469 | **$ 65** | $ (70) | $ 135 | **3%** | (8)% | 9% |
| As a percentage of total expenditures | **27%** | 16% | 40% | **26%** | 17% | 39% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 118** | $ 44 | $ 74 | **5%** | 5% | 5% |
| Estimated impact of population growth on segment expenditures | | | | | | | **19** | 7 | 12 | **1%** | 1% | 1% |

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*
2. *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

#### Federal economy and infrastructure expenditures

The $97 billion increase in federal economy and infrastructure expenditures was driven by a $103 billion or 916% increase in banking and financing expenditures, offset in part by a $10 billion or 74% decrease in general commerce expenditures.

The 916% increase in banking and financing expenditures was primarily driven by deposit insurance, which reflects a $103 billion or 891% increase in the FDIC's costs of insuring the deposits of banks and resolving failed banks. These costs included the resolution of three of the largest bank failures in US history in 2023 (Silicon Valley Bank, Signature Bank, and First Republic Bank). On October 18, 2022, the FDIC Board adopted a final rule increasing the initial base deposit insurance assessment rate schedules by two basis points beginning in the first quarterly assessment period of 2023.

The 74% decrease in general commerce expenditures reflects a $10 billion or 96% decrease for SBA business loans programs largely attributable to substantially lower pandemic-related loan and loan guarantee activity.

#### Federal standard of living and aid to the disadvantaged expenditures

The $121 billion decrease in federal standard of living and aid to the disadvantaged expenditures was driven primarily by a $103 billion or 78% decrease in refundable child tax credits. The ARP temporarily changed the child tax credit (through 2022) to make it more accessible for lower income families and increased the refund amount.

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

The $88 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven primarily by Medicaid and CHIP payments, as discussed within *Expenditures by function / 2022 to 2023 / State and local transfer payments to individuals and subsidies* above.

## Fiscal year 2023 compared with fiscal year 2018

| | 2023 | | | 2018 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local |
| Economy and infrastructure | **$ 482** | $ 205 | $ 277 | **$ 273** | $ 58 | $ 215 | **$ 209** | $ 147 | $ 62 | **77%** | 253% | 29% |
| Standard of living and aid to the disadvantaged | **1,625** | 497 | 1,128 | **1,098** | 321 | 777 | **527** | 176 | 351 | **48%** | 55% | 45% |
| Health (excluding Medicaid and Medicare) | **302** | 103 | 199 | **168** | 51 | 117 | **134** | 52 | 82 | **80%** | 102% | 70% |
| Total General Welfare | **$ 2,409** | $ 805 | $ 1,604 | **$ 1,539** | $ 430 | $ 1,109 | **$ 870** | $ 375 | $ 495 | **57%** | 87% | 45% |
| As a percentage of total expenditures | **27%** | 16% | 40% | **24%** | 13% | 38% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 323** | $ 90 | $ 233 | **21%** | 21% | 21% |
| Estimated impact of population growth on segment expenditures | | | | | | | **39** | 11 | 28 | **3%** | 3% | 3% |

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

## Fiscal year 2023 compared with fiscal year 2013

| | 2023 | | | 2013 | | | Changes[2] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local |
| Economy and infrastructure | **$ 482** | $ 205 | $ 277 | **$ 238** | $ 63 | $ 175 | **$ 244** | $ 142 | $ 102 | **103%** | 225% | 58% |
| Standard of living and aid to the disadvantaged | **1,625** | 497 | 1,128 | **924** | 339 | 585 | **701** | 158 | 543 | **76%** | 47% | 93% |
| Health (excluding Medicaid and Medicare) | **302** | 103 | 199 | **145** | 50 | 95 | **157** | 53 | 104 | **108%** | 106% | 109% |
| Total General Welfare | **$ 2,409** | $ 805 | $ 1,604 | **$ 1,307** | $ 452 | $ 855 | **$ 1,102** | $ 353 | $ 749 | **84%** | 78% | 88% |
| As a percentage of total expenditures | **27%** | 16% | 40% | **25%** | 16% | 36% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 394** | $ 136 | $ 258 | **30%** | 30% | 30% |
| Estimated impact of population growth on segment expenditures | | | | | | | **83** | 29 | 54 | **6%** | 6% | 6% |

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*
2. *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

### Federal economy and infrastructure expenditures

The $142 billion increase in federal economy and infrastructure expenditures was driven primarily by a $100 billion or 1,274% increase in banking and finance expenditures, including an $87 billion or 2,025% increase in the FDIC's costs of insuring the deposits of banks and resolving failed banks as discussed above under *2022 to 2023 / Federal economy and infrastructure expenditures*.

### Federal standard of living and aid to the disadvantaged expenditures

The $158 billion increase in federal standard of living and aid to the disadvantaged expenditures was driven primarily by the following:

- $69 billion in refundable PTCs paid to families and individuals to assist them in purchasing health insurance. For tax years 2021 and 2022, the ARP temporarily expanded eligibility for the PTC. The *Inflation Reduction Act of 2022* extended the ARP provision through 2025. See further discussion of these benefits in *Part I. Item 1. Purpose and Function of our Government / Major government programs / Premium Tax Credit (PTC)*;
  - $52 billion in COVID-19 related refundable credits, which is group of temporary tax credits to help employers cover the costs of sick and family leave, employee retention, and continuation of health insurance for certain workers;
  - a $47 billion or 62% increase in SNAP. The USDA temporarily approved emergency nutrition benefits to households with children that lost access to free or reduced-price school meals. See further discussion of these benefits in *Part I. Item 1. Purpose and Function of our Government / Major government programs / Food assistance - Supplemental Nutrition Assistance Program (SNAP)*; offset in part by
  - a $38 billion or 55% decrease in costs of UI, primarily driven by a decrease in the total number of weeks of unemployment claimed for regular, extended, and emergency benefits by 68%* when comparing 2023 to 2013. See further discussion of these benefits in *Part I. Item 1. Purpose and Function of our Government / Major government programs / Unemployment Insurance*.

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

The $543 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven by Medicaid and CHIP payments, as discussed within *Expenditures by function / 2013 to 2023 /State and local transfer payments to individuals and subsidies* above.

## Blessings of Liberty

In 2023, this segment's expenditures comprise 52% of the overall Government budget. Wealth and savings (primarily Social Security, Medicare, and government obligations, including interest on debt and pension obligations) expenditures comprise over 70% of the segment's expenditures, with education expenditures comprising most of the remainder. See *Exhibit 99.04* for more information on the largest items in each of this segment's expenditure categories.

### Fiscal year 2023 compared with fiscal year 2022

| | 2023 | | | 2022 | | | Changes[2] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In billions, except percentages) | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local | Total | Federal[1] | State and Local |
| Education | **$ 1,100** | $ (132) | $ 1,232 | **$ 1,714** | $ 547 | $ 1,167 | **$ (614)** | $ (679) | $ 65 | **(36)%** | (124)% | 6% |
| Wealth and savings | **3,356** | 2,996 | 360 | **2,908** | 2,518 | 390 | **448** | 478 | (30) | **15%** | 19% | (8)% |
| Sustainability and self-sufficiency | **159** | 68 | 91 | **132** | 56 | 76 | **27** | 12 | 15 | **20%** | 21% | 20% |
| Total Blessings of Liberty | **$ 4,615** | $ 2,932 | $ 1,683 | **$ 4,754** | $ 3,121 | $ 1,633 | **$ (139)** | $ (189) | $ 50 | **(3)%** | (6)% | 3% |
| As a percentage of total expenditures | **52%** | 59% | 42% | **53%** | 61% | 43% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 241** | $ 158 | $ 83 | **5%** | 5% | 5% |
| Estimated impact of population growth on segment expenditures | | | | | | | **40** | 26 | 14 | **1%** | 1% | 1% |

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*
2. *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

### Federal education expenditures

The $679 billion decrease in federal education expenditures reflects a $635 billion or 142% decrease in FDSL expenditures driven primarily by a decrease in FDSL expenditures, as discussed within *Expenditures by function / 2022 to 2023 / Federal transfer payments to individuals and subsidies* above, and a $305 billion decrease resulting from the reversal of broad-based student debt relief.

### Federal wealth and savings expenditures

The $478 billion increase in federal wealth and savings expenditures was driven primarily by a $182 billion or 38% increase in net interest on debt, as discussed within *Expenditures by function / 2022 to 2023 / Federal net interest paid* above, a $136 billion or 11% increase in Social Security expenditures, and a $93 billion or 12% increase in Medicare.

The increase in Social Security expenditures reflect increased benefits payments, as discussed within *Expenditures by function / 2022 to 2023 / Federal transfer payments to individuals and subsidies* above.

The 12% increase in Medicare expenditures was driven primarily by a 1.4 million* person or 2%* increase in Medicare enrollees and a 6%* increase in average cost per beneficiary (net of premiums received). Medicare premiums received increased $5 billion or 4% when comparing these years. See further discussion of this program in *Part I. Item 1. Purpose and Function of Our Government / Major government programs / Medicare*.

Our population aged 65 years and older (one eligibility requirement for Medicare) grew by 3%* when comparing these years. General medical care cost inflation was 2%, with prices of medical commodities inflating 4%, medical services inflating 1%, and hospitals inflating 4%.[66]

## Fiscal year 2023 compared with fiscal year 2018

| | 2023 | | | 2018 | | | Changes | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(In billions, except percentages)** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** | **Total** | **Federal[1]** | **State and Local** |
| Education | **$ 1,100** | $ (132) | $ 1,232 | **$ 923** | $ (1) | $ 924 | **$ 177** | $ (131) | $ 308 | **19%** | nm | 33% |
| Wealth and savings | **3,356** | 2,996 | 360 | **2,325** | 1,998 | 327 | **1,031** | 998 | 33 | **44%** | 50% | 10% |
| Sustainability and self-sufficiency | **159** | 68 | 91 | **112** | 55 | 57 | **47** | 13 | 34 | **42%** | 24% | 60% |
| Total Blessings of Liberty | **$ 4,615** | $ 2,932 | $ 1,683 | **$ 3,360** | $ 2,052 | $ 1,308 | **$ 1,255** | $ 880 | $ 375 | **37%** | 43% | 29% |
| As a percentage of total expenditures | **52%** | 59% | 42% | **53%** | 60% | 45% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 707** | $ 432 | $ 275 | **21%** | 21% | 21% |
| Estimated impact of population growth on segment expenditures | | | | | | | **85** | 52 | 33 | **3%** | 3% | 3% |

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

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

## Fiscal year 2023 compared with fiscal year 2013

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2013 Total | 2013 Federal[1] | 2013 State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Education | **$ 1,100** | $ (132) | $ 1,232 | **$ 743** | $ (30) | $ 773 | **$ 357** | $ (102) | $ 459 | **48%** | 340% | 59% |
| Wealth and savings | **3,356** | 2,996 | 360 | **1,813** | 1,536 | 277 | **1,543** | 1,460 | 83 | **85%** | 95% | 30% |
| Sustainability and self-sufficiency | **159** | 68 | 91 | **122** | 70 | 52 | **37** | (2) | 39 | **30%** | (3)% | 75% |
| Total Blessings of Liberty | **$ 4,615** | $ 2,932 | $ 1,683 | **$ 2,678** | $ 1,576 | $ 1,102 | **$ 1,937** | $ 1,356 | $ 581 | **72%** | 86% | 53% |
| As a percentage of total expenditures | **52%** | 59% | 42% | **51%** | 54% | 46% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 807** | $ 475 | $ 332 | **30%** | 30% | 30% |
| Estimated impact of population growth on segment expenditures | | | | | | | **170** | 100 | 70 | **6%** | 6% | 6% |

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*
2. *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

### Federal wealth and savings expenditures

The $1,460 billion increase in federal wealth and savings expenditures was driven primarily by a $541 billion or 66% increase in Social Security expenditures, a $437 billion or 198% increase in net interest on debt, as discussed within *Expenditures by function / 2013 to 2023 / Federal net interest paid* above, and a $350 billion or 70% increase in Medicare expenditures. The increases in Social Security and Medicare expenditures reflect increased benefits payments, as discussed within *Expenditures by function / 2013 to 2023 / Federal transfer payments to individuals and subsidies* above.

## General government support and other

The costs of central government functions, including general property and records management, financial management, Congress, and general claims against our Government that are not allocable to one agency, are not allocated to our segments and are considered general government support.

Other expenditures include non-grant assistance from the federal government to territories and state and local governments and the discrepancy between grants from the federal government to state and local governments as reported by the federal government versus as reported by state and local governments (we assumed the federal government source was accurate).

## Fiscal year 2023 compared with fiscal years 2022, 2018, and 2013

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2022 Total | 2022 Federal[1] | 2022 State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Costs of central government functions | **$ 324** | $ 26 | $ 298 | **$ 304** | $ 18 | $ 286 | **$ 20** | $ 8 | $ 12 | **7%** | 44% | 4% |
| Other | **(145)** | (145) | — | **(65)** | (65) | — | **(80)** | (80) | — | **123%** | 123% | nm |
| Total general government support and other | **$ 179** | $ (119) | $ 298 | **$ 239** | $ (47) | $ 286 | **$ (60)** | $ (72) | $ 12 | **(25)%** | 153% | 4% |
| As a percentage of total expenditures | **2%** | (2)% | 7% | **3%** | (1)% | 8% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 12** | $ (2) | $ 14 | **5%** | 5% | 5% |
| Estimated impact of population growth on segment expenditures | | | | | | | **2** | — | 2 | **1%** | 1% | 1% |

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2018 Total | 2018 Federal[1] | 2018 State and Local | Changes Total | Changes Federal[1] | Changes State and Local | Changes Total | Changes Federal[1] | Changes State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Costs of central government functions | **$ 324** | $ 26 | $ 298 | **$ 183** | $ 16 | $ 167 | **$ 141** | $ 10 | $ 131 | **77%** | 63% | 78% |
| Other | **(145)** | (145) | — | **(38)** | (38) | — | **(107)** | (107) | — | **282%** | 282% | nm |
| Total general government support and other | **$ 179** | $ (119) | $ 298 | **$ 145** | $ (22) | $ 167 | **$ 34** | $ (97) | $ 131 | **23%** | 441% | 78% |
| As a percentage of total expenditures | **2%** | (2)% | 7% | **2%** | (1)% | 6% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 30** | $ (5) | $ 35 | **21%** | 21% | 21% |
| Estimated impact of population growth on segment expenditures | | | | | | | **3** | (1) | 4 | **3%** | 3% | 3% |

| (In billions, except percentages) | 2023 Total | 2023 Federal[1] | 2023 State and Local | 2013 Total | 2013 Federal[1] | 2013 State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local | Changes[2] Total | Changes[2] Federal[1] | Changes[2] State and Local |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Costs of central government functions | **$ 324** | $ 26 | $ 298 | **$ 168** | $ 20 | $ 148 | **$ 156** | $ 6 | $ 150 | **93%** | 30% | 101% |
| Other | **(145)** | (145) | — | **(30)** | (30) | — | **(115)** | (115) | — | **383%** | 383% | nm |
| Total general government support and other | **$ 179** | $ (119) | $ 298 | **$ 138** | $ (10) | $ 148 | **$ 41** | $ (109) | $ 150 | **30%** | nm | 101% |
| As a percentage of total expenditures | **2%** | (2)% | 7% | **3%** | —% | 6% | | | | | | |
| Estimated impact of inflation on segment expenditures | | | | | | | **$ 42** | $ (3) | $ 45 | **30%** | 30% | 30% |
| Estimated impact of population growth on segment expenditures | | | | | | | **8** | (1) | 9 | **6%** | 6% | 6% |

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

1. *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at* Note 25 – Intergovernmental transfers *(*Part II. Item 8 *within this annual report).*

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

State and local central government functions expenditures increased $150 billion when comparing fiscal year 2023 to fiscal year 2013 primarily due to an increase in "current operations - general - other" in the Census of Governments, which encompass general operational costs not specifically classified. We do not know what comprises these costs.

Other federal expenditures decreased in all periods due primarily to annual variations in the discrepancy between grants from the federal government to state and local governments as reported by the federal government versus as reported by state and local governments.

## Key metrics by segment

In this section, we analyze by segment certain key metrics that measure progress towards our constitutional objectives of justice and domestic tranquility, common defense, general welfare, and security of the blessings of liberty to ourselves and our posterity. We chose metrics for which government data was available and that seemed representative of the status of these objectives. We limited the data in this section to the decade from 2013 to 2023, consistent with the previous sections of this MD&A, where 2023 is the latest date for which comprehensive Government-wide financial data is available. All metrics in the tables that are adjusted for inflation use 2023 as the base year.

As discussed in *Part I. Item 1A. Risk Factors*, in a free society, human behavior cannot be fully regulated or controlled. Government provides services, promulgates regulations, and enacts legislation intended to make progress towards our constitutional objectives; however, people are responsible for making their own choices. In addition, there are many other forces influencing these key metrics, including the natural world, governments and citizens of other countries, and businesses and philanthropic organizations worldwide. Therefore, one should not assume that the revenue and expenditures discussed above and the legislation discussed throughout this document caused the key metrics discussed in this section.

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

## Justice and Domestic Tranquility

This segment works to establish justice and ensure domestic tranquility among the US population. Its reporting units are crime and disaster, safeguarding consumers and employees, and child safety and miscellaneous social services. Overall, the long-term trend for the past decade shows we:

- ***made meaningful progress*** on: numbers of overall property crimes reported and arrests for nearly all types of nonviolent crimes; persons incarcerated; civilian deaths from highway vehicle fires; acres burned in wildland fires; workplace violations; non-fatal workplace injuries; numbers of children entering foster care; child victimization rates; and the number of children in poverty; and
- ***regressed notably*** in: numbers of most violent crimes reported; other structure fires and "other" fire incidents and related civilian deaths; highway fatalities, absolute and per highway crash; back wages recovered for workplace injuries; the numbers and estimated costs of billion-dollar disasters and deaths from disasters; all types of consumer complaints; numbers of children exiting foster care; child fatalities as a result of maltreatment for children of all ages; and numbers of children whose form of nighttime residence is hotels/motels.

Shorter-term trends may differ, and trends may have changed after the latest period presented here.

### Crime and disaster

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

#### Crime

| Calendar year<br>(In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Crimes reported:**[1] | | | | | | | |
| Property crimes[2] | 6,419 | 6,578 | 7,344 | 8,674 | (2)% | (13)% | (26)% |
| *Property crimes per 100,000 people* | *1,934* | *1,977* | *2,220* | *2,730* | *(2)%* | *(13)%* | *(29)%* |
| Violent crimes[3] | 1,218 | 1,257 | 1,213 | 1,171 | (3)% | —% | 4% |
| *Violent crimes per 100,000 people* | *380* | *390* | *380* | *380* | *(3)%* | *—%* | *—%* |
| Murder/non-negligent manslaughter (MNM) | 19 | 22 | 17 | 14 | (12)% | 14% | 34% |
| *MNMs per 100,000 people* | *6* | *7* | *5* | *5* | *(14)%* | *20%* | *20%* |
| **Arrests by crime:** | **7,173** | **6,796** | **10,565** | **13,548** | **6%** | **(32)%** | **(47)%** |
| Drug possession, sales, and manufacturing | 814 | 808 | 1,372 | 1,421 | 1% | (41)% | (43)% |
| *Drug possession, sales, and manufacturing arrests per 100,000 people* | *242* | *242* | *418* | *449* | *—%* | *(42)%* | *(46)%* |
| Sale/manufacturing | 102 | 101 | 189 | 230 | 1% | (46)% | (56)% |
| Possession | 713 | 707 | 1,183 | 1,191 | 1% | (40)% | (40)% |
| Property crimes[2] | 832 | 702 | 1,000 | 1,436 | 19% | (17)% | (42)% |
| *Property crimes arrests rate (of crimes reported)* | *13%* | *11%* | *14%* | *17%* | *2ppt* | *(1)ppt* | *(4)ppt* |
| Driving under the influence (DUI) of alcohol / narcotics | 752 | 692 | 821 | 1,087 | 9% | (8)% | (31)% |
| *DUI arrests per 1,000 miles driven* | *230* | *217* | *253* | *364* | *6%* | *(9)%* | *(37)%* |
| Violent crimes[3] | 425 | 384 | 436 | 425 | 11% | (3)% | —% |
| *Violent crimes arrests rate (of crimes reported)* | *35%* | *31%* | *36%* | *36%* | *4ppt* | *(1)ppt* | *(1)ppt* |
| Other | 4,350 | 4,210 | 6,936 | 9,179 | 3% | (37)% | (53)% |

1. *Crimes reported by local law enforcement to the Federal Bureau of Investigation*
2. *Property crimes are offenses of burglary, larceny-theft, motor vehicle theft, and arson.*
3. *Violent crimes are offenses of murder and nonnegligent manslaughter, rape, robbery, and aggravated assault.*

### Crimes reported

Property crimes have generally declined over the decade covered by this report, even after adjusting for population growth. Declines in property crimes were seen across most crime sub-categories and all major regions (Northeast, Midwest, South, West).

Violent crimes have fluctuated but ultimately increased over the past decade, though they remained flat when adjusting for population increases. Reported violent crimes increased in the South and West but decreased in the Northeast and Midwest. Reports dropped for robberies across all of the regions, but increases in aggravated assaults, MNM, and rape more than offset these decreases.

When comparing 2013 to 2023, the crimes with the largest rates of increase were rape (up 45 thousand or 55%), MNM (up 5 thousand or 34%), and motor vehicle theft (up 158 thousand or 22%). Underlying these overall crime trends are some demographical points to note:

- *By major region* - the change in violent crimes from 2013 to 2023 ranged from an increase of 26% in the West (to a rate of 449 violent crimes reported per 100,000 people) to a decrease of 14% in the Northeast (to a rate of 290 violent crimes reported per 100,000 people).
- *By state/territory* - the change in violent crimes from 2013 to 2023 ranged from a decrease of 49% in New Hampshire (to a rate of 107 violent crimes reported per 100,000 people) to an increase of 76% in Colorado (to a rate of 210 violent crimes reported per 100,000 people).
- *By type* - aggravated assaults accounted for 73% of violent crimes reported to law enforcement in 2023 (up 10 percentage points from 2013), while robbery offenses accounted for 18% (down 11 percentage points), rape accounted for 8% (up 1 percentage point), and MNM accounted for 2% (no change from 2013).

### Arrests

Numbers of arrests and rates thereof for all types of crimes were down over the past decade, but increased when comparing 2023 to 2022. Arrests for property crimes decreased for the decade but increased in 2023, while property crimes reported decreased for all periods presented. Arrests for violent crimes fluctuated but remained flat over the past decade. The crime with the largest decrease in number of arrests for the decade was drug possession, sales, and manufacturing (down 606 thousand or 43%), and the crime with the largest arrest rate decrease for the decade was drunkenness (down 495 thousand or 97%).

Underlying the overall arrests trends are demographical points to note:

- youth (under age 18) are more often arrested for property crimes (17% of their arrests in 2023) than violent crimes (9% of their arrests in 2023) and are comprising a disproportionately smaller percentage of all arrests over time (a 3-percentage point decline overall between 2013 and 2023, compared to a 1% decrease in the percentage of the total population they represent between 2013 and 2023); and
- Black people have been arrested at a rate (29% of total arrests in 2023) that is significantly higher than the rate they comprise of the US population (14% in 2023) throughout the periods discussed in this report. In 2023, Black people accounted for more than 50% of the population arrested for murder and non-negligent manslaughter and robbery offenses.

## Incarceration

| December 31, except as otherwise noted (In thousands, except percentages or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Incarcerated population:[1]** | **1,853** | **1,828** | **2,122** | **2,223** | **1%** | **(13)%** | **(17)%** |
| Persons in jail (last weekday in June)[2] | 664 | 663 | 738 | 731 | —% | (10)% | (9)% |
| Persons in federal and state prisons[3] | 1,254 | 1,230 | 1,464 | 1,577 | 2% | (14)% | (20)% |
| Youth in jail (actuals, last weekday in June) | 2,000 | 1,900 | 3,400 | 4,400 | 5% | (41)% | (55)% |
| Youth in state prisons (actuals) | 485 | 412 | 699 | 1,188 | 18% | (31)% | (59)% |
| **Sentenced prisoners by crime committed:** | | | | | | | |
| Violent crimes | na | 658 | 706 | 718 | na | na | na |
| Property crimes | na | 136 | 209 | 267 | na | na | na |
| Drug crimes | na | 196 | 253 | 306 | na | na | na |
| Public order and other[4] | na | 185 | 217 | 216 | na | na | na |

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

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

*2. Jails are correctional facilities that confine persons before or after adjudication and are usually operated by local law enforcement authorities. Jail sentences are usually for 1 year or less.*

*3. State and federal prisoner populations differ from the jail inmate population in terms of conviction status, offense distribution, and average length of stay. Prison facilities also differ from local jail facilities in average size, treatment and programming resources, and crowding, among other characteristics.*

*4. Public order includes weapons, drunk driving, and court offenses; commercialized vice, morals, and decency offenses; and liquor law violations and other public-order offenses.*

Our incarcerated population increased overall in 2023 when compared to 2022, reflecting an increase in those jailed and imprisoned. When compared to all other periods presented here, overall, jailed, and imprisoned populations all decreased in 2023. As with arrests, the COVID-19 pandemic impacted incarcerated populations. The US Department of Justice's survey to measure the impact of COVID-19 on US prisons from the end of February 2020 to the end of February 2021 found that, "twenty-four states released a total of 37,700 persons from prison on an expedited basis (earlier than scheduled) during the COVID-19 study period."[68] Racial and other dynamics of note:

- Black (non-Hispanic) people are disproportionately jailed and imprisoned, comprising 36% of those jailed and 39% of those imprisoned in 2023 as compared to 14% of the US population. However, the percentages of the jailed and imprisoned populations they comprise are not increasing; the percentage of those jailed remained flat, while the percentage of those imprisoned decreased 1 percentage point, between 2013 and 2023, despite an increase of 1 percentage point in the percentage of the US population they represented during this period.
- the opposite is true for white (non-Hispanic) people, who represent a disproportionately small but generally increasing percentage of those incarcerated - 47% of those jailed and 39% of those imprisoned in 2023, while comprising 58% of the US population. The percentage of those jailed who are white remained flat, while the percentage imprisoned who are white increased 2 percentage points between 2013 and 2023. Meanwhile, white people decreased as a percentage of the US population (a 4-percentage point decrease between 2013 and 2023).
- Hispanic people comprised 14% of those jailed and 18% of those imprisoned in 2023 and 20% of the US population. The percentage of those jailed and imprisoned who are Hispanic remained flat between 2013 and 2023.
- the types of offenses for which people are imprisoned all decreased when comparing 2013 to 2022 (the most recent year available), with imprisonment for property crimes and drug crimes showing the largest decreases, down 49% and 36%, respectively, for the period.
- numbers of incarcerated youth have decreased over the decade, with youth in jail down 55% and youth in state prisons down 59% for the decade, though they increased in 2023.

## Fire (non-natural disaster)

| Calendar year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Fire incidents (in thousands, except rates and percentages):** | **1,389** | **1,505** | **1,319** | **1,240** | **(8)%** | **5%** | **12%** |
| Home structure fires[1] | 332 | 360 | 363 | 370 | (8)% | (9)% | (10)% |
| *Home structure fires per 100,000 housing units* | *229* | *250* | *262* | *279* | *(8)%* | *(13)%* | *(18)%* |
| Other structure fires[2] | 138 | 163 | 136 | 118 | (15)% | 1% | 17% |
| Highway vehicle fires[3] | 180 | 189 | 182 | 164 | (5)% | (1)% | 10% |
| *Highway vehicle fires per 1 billion miles driven* | *55* | *59* | *56* | *55* | *(7)%* | *(2)%* | *—* |
| Other fires[4] | 739 | 794 | 638 | 589 | (7)% | 16% | 26% |
| **Civilian deaths from fire incidents:** | **3,670** | **3,790** | **3,655** | **3,240** | **(3)%** | **—%** | **13%** |
| Home structure fire civilian deaths[1] | 2,890 | 2,710 | 2,720 | 2,755 | 7% | 6% | 5% |
| *Rate of deaths per home structure fire* | *0.9%* | *0.8%* | *0.7%* | *0.7%* | *0.1ppt* | *0.2ppt* | *0.2ppt* |
| Other structure fire civilian deaths[2] | 180 | 200 | 190 | 100 | (10)% | (5)% | 80% |
| *Rate of deaths per other structure fire* | *0.1%* | *0.1%* | *0.1%* | *0.1%* | *—ppt* | *—ppt* | *—ppt* |
| Highway vehicle fire civilian deaths[3] | 250 | 610 | 490 | 300 | (59)% | (49)% | (17)% |
| *Rate of deaths per highway vehicle fire* | *0.1%* | *0.3%* | *0.3%* | *0.2%* | *(0.2)ppt* | *(0.2)ppt* | *(0.1)ppt* |
| Other fire civilian deaths[4] | 350 | 270 | 255 | 85 | 30% | 37% | 312% |
| *Rate of deaths per other fire* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *—ppt* | *—ppt* | *—ppt* |

1. *Homes are dwellings, duplexes, manufactured homes (also called mobile homes), apartments, rowhouses, and townhouses.*
2. *Includes other residential properties, such as hotels and motels, dormitories, barracks, rooming and boarding homes, and the like; and the non-residential properties, such as assembly, eating and drinking establishments, educational and institutional buildings., stores and office buildings, storage and detached garages, and other outside or special property.*
3. *Highway vehicles include any vehicle designed to operate normally on highways, such as automobiles, motorcycles, buses, trucks, and trailers, but not manufactured homes on foundations.*
4. *Other fires include fires in non-highway vehicles (i.e., trains, boats, ships, aircraft, farm, and construction vehicles), outside property fires, outside wilderness fires, and fires in rubbish, among others.*

### Fire incidents

The total number of fire incidents has fluctuated but ultimately increased over the past decade, led by a 151 thousand or 26% increase in other fires and a 20 thousand or 17% increase in other structure fires. In 2023, the leading cause of fires was cooking for both residential and non-residential buildings, comprising 49% and 30% of those fires, respectively.

### Civilian deaths from fire incidents

Civilian deaths from fire incidents increased from 2013 to 2023, led by a 265 person or 312% increase in deaths from other fire incidents and a 135 person or 5% increase in deaths from home structure fire incidents. As a percentage of fire incidents, deaths from all types of fire incidents shown have remained less than 1% throughout the past decade.

## Disasters

| Calendar year (Dollars in billions, others actuals or as noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Billion-dollar disaster incidents[1] | 28 | 18 | 16 | 10 | 56% | 75% | 180% |
| Billion-dollar disaster cost estimate[1] | $ 91 | $ 171 | $ 92 | $ 23 | (46)% | (1)% | 302% |
| *Cost per billion-dollar disaster[1]* | *$ 3* | *$ 9* | *$ 6* | *$ 2* | *(67)%* | *(50)%* | *50%* |
| Disaster deaths | 492 | 474 | 247 | 113 | 4% | 99% | 335% |
| **Wildland fires** | | | | | | | |
| Acres burned in wildland fires (thousands) | 2,694 | 7,577 | 8,767 | 4,320 | (64)% | (69)% | (38)% |
| *Acres burned per wildland fire* | *48* | *110* | *151* | *91* | *(57)%* | *(68)%* | *(48)%* |

1. *Data is limited to billion-dollar disasters as provided by National Oceanic and Atmospheric Administration, as they account for roughly 80% of the total estimated US losses for all combined severe weather and climate events. These loss estimates reflect direct effects of weather and climate events (not including indirect effects) and constitute total estimated losses (both insured and uninsured). Because most of the data sources provide only insured losses, a "factor approach" (based on approximate average insurance participate rates) is used for conversion into the corresponding total estimated losses. For more detailed information regarding the cost estimates see https://www.ncdc.noaa.gov/monitoring-content/billions/docs/smith-and-katz-2013.pdf.*

### Disaster incidents

The numbers of billion-dollar disaster incidents have fluctuated over time, with 2023 experiencing the highest number of disasters in a single calendar year since 1980 (the earliest year for which we have data). The number of billion-dollar disaster incidents increased 180% in the past decade to 28 separate billion-dollar events in 2023. In addition, 2023 marks the ninth consecutive year (2015 through 2023) in which 11 or more separate billion-dollar disaster events have occurred. The most frequent type of billion-dollar disaster over the past decade was severe storm, followed by tropical cyclone and flood.

### Disaster costs

Total estimated costs for billion-dollar disasters increased 302% over the past decade, with the most expensive disaster type per disaster for the decade being tropical cyclone followed by severe storm and wildfire. Per billion-dollar disaster, estimated costs increased 50% over the past decade. During the past decade, disasters have been particularly destructive and some historic, including: 2022 hurricane Ian ($112 billion); 2017 hurricane Maria ($90 billion); 2021 hurricane Ida ($74 billion); the 2020 Atlantic hurricane season with an unprecedented 30 named storms, including hurricane Laura ($23 billion); 2019 inland flooding across many Central states ($20 billion); 2018 hurricanes Michael and Florence ($25 billion and $24 billion, respectively); and the 2018 record-setting wildfire season ($24 billion) in the Western region. Three of the top four costliest disaster years on record occurred within the last decade, 2017 ($307 billion), 2022 ($171 billion), 2005 ($167 billion), and 2021 ($141 billion).

### Disaster deaths

Disaster deaths have fluctuated but increased over the decade by 379 people or 335%. Droughts are responsible for the highest number of deaths in 2023 (247 deaths), followed by severe storms and wildfire, each causing 100 deaths. Deaths associated with droughts are primarily the result of heat waves.

### Acres burned

Acres burned in wildland fires (all wildland fires, not just those declared disasters) and acres burned per wildland fire decreased over the past decade. Acres burned in wildland fires decreased by 1.6 million acres or 38% over the past decade, with human-caused fires increasing 0.3 million acres or 21%, and lightning-caused fires decreasing 1.9 million acres or 62%. The Southern Area region had the largest number and percent increase in total acres burned at 0.5 million acres or 274%, while the Alaska region had the largest number decrease of total acres burned at 1.0 million acres or 76% and the Great Basin region had the largest percent decrease of total acres burned at 0.7 million acres or 87%.

## Safeguarding consumers and employees

The safeguarding consumers and employees reporting unit seeks to keep people away from harm by regulating, primarily commercial interests.

## Safeguarding consumers

### Consumer complaints and product safety injuries

| Calendar year<br>(In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Consumer fraud complaints | 2,622 | 2,572 | 1,523 | 1,159 | 2% | 72% | 126% |
| *Consumer fraud complaints per 100,000 people* | *778* | *770* | *464* | *366* | *1%* | *68%* | *113%* |
| *Median loss per fraud complaint* | *$ 500* | *$ 650* | *$ 375* | *$ 400* | *(23)%* | *25%* | *25%* |
| Identity theft complaints | 1,037 | 1,107 | 444 | 290 | (6)% | 133% | 257% |
| *Identity theft complaints per 100,000 people* | *308* | *331* | *135* | *92* | *(7)%* | *128%* | *235%* |
| Other consumer complaints[1] | 1,915 | 1,662 | 1,203 | 685 | 15% | 59% | 179% |
| *Other consumer complaints per 100,000 people* | *569* | *498* | *366* | *216* | *14%* | *55%* | *163%* |
| Consumer financial protection (CFP) complaints[2] | 1,292 | 800 | 257 | 108 | 61% | 402% | nm |
| *CFP complaints per 100,000 people* | *384* | *240* | *78* | *34* | *60%* | *392%* | *nm* |
| Consumer product safety injuries[3] | 12,945 | 13,079 | 13,249 | 12,759 | (1)% | (2)% | 1% |

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

*1. Other consumer complaints are complaints made to the FTC that are other than fraud or identity theft complaints, including: auto-related complaints; banks and lenders; computer equipment and software; credit bureaus, information furnishers, and report users; credit cards; debt collection; education; funeral services; home repair, improvement, and products; and television and electronic media.*

*2. These complaints were reported by the CFP Bureau while all other complaints in this table were reported by the FTC.*

*3. These are calendar year national estimates of the number of persons treated in US hospital emergency departments with consumer product-related injuries and are derived by summing the statistical weights for the appropriate injury cases. The data system allows for reporting of up to two products for each person's injury, so a person's injury may be counted in two product groups.*

#### Consumer complaints

Consumer complaints grew over the decade, driven primarily by increased fraud and identity theft complaints, though identity theft complaints declined in 2023.

- *Fraud complaints* are made by adults of all ages with no notable concentrations. Victims who report the method of initial contact primarily report that the fraud was initiated via email (24%), followed closely by phone (20%), and text (15%), and those who report transferring funds most often report doing so through credit card.
- *Identity theft complaints* are also made by adults of all ages, with a plurality in 2023 (30%) in the 30-39-year-old age group, and most often comprise credit card fraud.
- *Other consumer complaints* made to the FTC have increased due primarily to credit reporting, credit repair services, or other personal consumer reports.
- *CFP complaints* have grown, driven primarily by increases in credit-related complaints, including credit reporting and debt collection.

#### Consumer fraud losses

The median loss per fraud complaint has fluctuated but increased over the decade. In 2023, 73% of the reports resulted in no loss, while the group with the largest number of reported losses (25% of the reports) was the group with losses between $1 and $100. Fourteen percent of losses reported were more than $10,000, the top loss group. By type of fraud, the largest median loss amount per fraud in 2023 was investment related at $7,768 per fraud.

#### Consumer product safety injuries

Consumer product safety injuries have fluctuated but increased over the decade. The largest numbers of injuries relate to home structures and construction materials, sports and recreational equipment, and home furnishings and fixtures. Injuries related to home structures and construction materials increased 16%, and injuries related to home furnishings and fixtures increased 9%, when comparing 2023 to 2013, while injuries related to sports and recreational equipment decreased 10% over this same period.

## Transportation safety

| Calendar year<br>(In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Transportation crashes | 6,155 | 5,955 | 6,761 | 5,713 | 3% | (9)% | 8% |
| Highway crashes | 6,138 | 5,931 | 6,735 | 5,687 | 4% | (9)% | 8% |
| *Highway crashes per 100 million miles driven* | *188* | *186* | *208* | *190* | *1%* | *(10)%* | *(1)%* |
| Transportation fatalities (actuals) | 42,920 | 44,727 | 38,755 | 34,692 | (4)% | 11% | 24% |
| Highway fatalities | 40,901 | 42,721 | 36,835 | 32,893 | (4)% | 11% | 24% |
| *Highway fatalities per 100,000 highway crashes* | *666* | *720* | *547* | *578* | *(8)%* | *22%* | *15%* |

Nearly all transportation crashes (99.7% in 2023) and transportation fatalities (95% of them in 2023) are highway crashes and fatalities.

Highway crashes increased by 8%, while highway crashes per mile driven decreased by 1% from 2013 to 2023. Highway fatalities and highway fatalities per highway crash increased over the decade by 24% and 15%, respectively. Approximately a third of highway fatalities (30% or 12,429 in 2023) involved a driver with a Blood Alcohol Concentration (BAC) of 0.08 (an illegal level in all 50 States, DC, and Puerto Rico) or higher, and 29% or 11,775 fatalities were speeding-related crashes. Fatalities from illegal-level BAC highway crashes and speeding-related crashes have both increased over the decade, by 23% and 21%, respectively. Since 2013, distraction-affected fatalities have increased, by 4% to 3,275 in 2023. Of drivers involved in fatal vehicle (passenger cars and light trucks) crashes in 2023 with known restraint use, more than half (51%) who were speeding were also unrestrained at the time of the crashes, compared to 21% unrestrained for non-speeding drivers.

## Safeguarding employees

| Calendar year, except as otherwise noted<br>(In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Workplace violations (actual)[1] | 45,930 | 40,453 | 49,612 | 61,282 | 14% | (7)% | (25)% |
| *Workplace violations per 100,000 employees* | *29* | *26* | *32* | *43* | *12%* | *(9)%* | *(33)%* |
| Non-fatal workplace injuries | 3,200 | 3,505 | 3,544 | 3,753 | (9)% | (10)% | (15)% |
| *Non-fatal injuries per 100,000 employees* | *1,987* | *2,214* | *2,275* | *2,608* | *(10)%* | *(13)%* | *(24)%* |
| Fatal workplace injuries (actual) | 5,283 | 5,486 | 5,250 | 4,585 | (4)% | 1% | 15% |
| *Rate of fatality of workplace injuries* | *0.2%* | *0.2%* | *0.1%* | *0.1%* | *—ppt* | *0.1ppt* | *0.1ppt* |
| Back wages recovered (fiscal year) | $ 212,325 | $ 213,162 | $ 304,914 | $ 249,954 | —% | (30)% | (15)% |
| *Back wages recovered per injury* | *$ 66* | *$ 61* | *$ 86* | *$ 67* | *9%* | *(23)%* | *—%* |

[1] *Workplace violations are those reported by the Occupational Safety and Health Administration, including violations relating to fall protection, hazard communication, scaffolding, respiratory protection, control of hazardous energy, ladders, powered industrial trucks, machinery and machine guarding, and electrical wiring methods.*

The work safety outcomes discussed here are mixed. Workplace violations and non-fatal workplace injuries are down 25% and 15%, respectively, over the past decade, while fatal workplace injuries increased 15%. As a rate per workplace injury, fatal injuries have generally been steady over the decade. Back wages recovered have fluctuated but ultimately decreased for the decade, while back wages per injury remained flat over the decade.

Fatal workplace injuries disproportionately take the lives of men (91% of the incidents in 2023). In 2023, 92% of fatal workplace injuries occurred in private industry, with the balance occurring in government. By event or exposure, in 2023: 37% were from transportation incidents; 17% from falls, slips, or trips; 15% from exposure to harmful substances and environments; 15% from contact with an object or equipment; 14% from violence and other injuries by persons or animals; and 2% from fires and explosions. By private industry, in 2023, 19% of the incidents occurred in transportation and warehousing, and 22% occurred in construction.

## Child safety and miscellaneous social services

The child safety and miscellaneous social services reporting unit works to maintain the welfare and safety of all children.

### Child family situation

| | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Children in single parent households (in thousands, calendar year)** | **12,352** | **11,917** | **11,855** | **12,884** | **4%** | **4%** | **(4)%** |
| *Children in single parent households per 10,000 children* | *1,686* | *1,623* | *1,615* | *1,751* | *4%* | *4%* | *(4)%* |
| **Children in foster care (fiscal year)** | **340,069** | **368,530** | **437,010** | **400,394** | **(8)%** | **(22)%** | **(15)%** |
| *Children in foster care per 10,000 children* | *46* | *50* | *60* | *54* | *(8)%* | *(23)%* | *(15)%* |
| Percentage of foster children fostered by relatives | 39% | 34% | 32% | 28% | 5ppt | 7ppt | 11ppt |
| Children entering foster care | 174,121 | 186,602 | 263,579 | 254,622 | (7)% | (34)% | (32)% |
| Children exiting foster care | 184,020 | 201,372 | 252,231 | 237,721 | (9)% | (27)% | (23)% |
| Median months in foster care | 18 | 16 | 13 | 13 | 13% | 38% | 38% |
| Percentage of foster children reunited with parents | 44% | 46% | 49% | 51% | (2)ppt | (5)ppt | (7)ppt |
| Percentage of foster children discharged to live with other relatives | 7% | 6% | 7% | 8% | 1ppt | —ppt | (1)ppt |
| Children adopted from foster care[1] | 50,011 | 52,985 | 63,094 | 50,835 | (6)% | (21)% | (2)% |
| *Rate of children adopted from foster care (as a percentage of children in foster homes)*[1] | *15%* | *14%* | *14%* | *13%* | *1ppt* | *1ppt* | *2ppt* |

1. *Adoptions are those with Public Child Welfare Agency involvement.*

#### Children in single parent households

The numbers of children in single parent households and the rates thereof, decreased 4% over the decade. In 2023, 17% of children under 18 were in single parent households. Of single-parent households, 74% were headed by single mothers, while 26% were headed by single fathers, compared to 76% and 24%, respectively in 2013. This represents a 2-percentage point or 7% shift upwards in the rate of single-parent households headed by fathers over the decade.

#### Children in foster care

The numbers of children in foster care decreased 15%, while their median stay increased 38% over the past decade. In 2023, the primary cause of children being in foster care was neglect, at 55% of cases, followed by drug abuse by a parent, at 32%. The ratio of male and female children in foster care has generally been consistent over the last decade. The only shift of the decade occurred from 2019 to 2020, with a 1-percentage point shift downward for male children, to 51% male and 49% female in 2020. Other demographic details include:

- the median age of children exiting foster care decreased by 1.2 years to 7 years old when comparing 2013 to 2022 (the latest year for which we have data);
- the percentage of children in foster care who are white decreased 1 percentage point, while children of Native American or Pacific Islander increased 1 percentage point. Percentages for Black, Hispanic, Asian, and two or more races remained flat; and
- the race with the most children in foster care is white, at 41% of foster children in 2023.

The percentages of foster children reunited with their parents and the percentages of children discharged to live with other relatives declined. Although the rate of adoptions involving welfare agencies decreased, the rate of children in foster care who were adopted increased.

## Crimes against children

| Fiscal year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Child victims[1] (nearest thousand)** | **546,159** | **558,088** | **698,189** | **656,359** | **(2)%** | **(22)%** | **(17)%** |
| *Victimization rate by age (per 1,000 children):* | | | | | | | |
| *Birth-1* | *21.0* | *22.2* | *26.7* | *23.1* | *(5)%* | *(21)%* | *(9)%* |
| *1-3* | *8.9* | *9.3* | *11.1* | *11.4* | *(4)%* | *(20)%* | *(22)%* |
| *4-7* | *7.6* | *7.7* | *9.4* | *10.3* | *(1)%* | *(19)%* | *(26)%* |
| *8-11* | *6.3* | *6.5* | *8.1* | *7.6* | *(3)%* | *(22)%* | *(17)%* |
| *12-17* | *5.6* | *5.8* | *6.2* | *5.8* | *(3)%* | *(10)%* | *(3)%* |
| Boys[3] | 48% | 47% | 49% | 49% | 1ppt | (1)ppt | (1)ppt |
| Girls[3] | 52% | 53% | 51% | 51% | (1)ppt | 1ppt | 1ppt |
| White (non-Hispanic) | 41% | 42% | 44% | 44% | (1)ppt | (3)ppt | (3)ppt |
| Black (non-Hispanic) | 22% | 22% | 21% | 21% | —ppt | 1ppt | 1ppt |
| Hispanic | 24% | 24% | 22% | 22% | —ppt | 2ppt | 2ppt |
| Neglect[2] | 64% | 65% | 61% | 62% | (1)ppt | 3ppt | 2ppt |
| Physical abuse[2] | 11% | 15% | 11% | 14% | (4)ppt | —ppt | (3)ppt |
| Sexual abuse[2] | 8% | 9% | 7% | 7% | (1)ppt | 1ppt | 1ppt |
| **Child fatalities as a result of maltreatment** | **2,000** | **2,050** | **1,765** | **1,550** | **(2)%** | **13%** | **29%** |
| *Fatality rate by age (per 100,000 children):* | | | | | | | |
| *Birth-1* | *24.1* | *24.4* | *22.8* | *18.1* | *(1)%* | *6%* | *33%* |
| *1-3* | *5.8* | *5.5* | *5.2* | *5.0* | *5%* | *12%* | *16%* |
| *4-7* | *1.9* | *2.0* | *1.3* | *1.5* | *(5)%* | *46%* | *27%* |
| *8-11* | *0.7* | *0.8* | *0.6* | *0.3* | *(13)%* | *17%* | *133%* |
| *12-17* | *0.6* | *0.8* | *0.5* | *0.2* | *(25)%* | *20%* | *200%* |
| Boys[3] | 59% | 60% | 58% | 58% | (1)ppt | 1ppt | 1ppt |
| Girls[3] | 41% | 40% | 42% | 42% | 1ppt | (1)ppt | (1)ppt |
| White (non-Hispanic) | 36% | 37% | 40% | 39% | (1)ppt | (4)ppt | (3)ppt |
| Black (non-Hispanic) | 34% | 35% | 33% | 33% | (1)ppt | 1ppt | 1ppt |
| Hispanic | 15% | 14% | 14% | 15% | 1ppt | 1ppt | —ppt |
| Neglect[2] | 78% | 76% | 73% | 71% | 2ppt | 5ppt | 7ppt |
| Physical abuse[2] | 42% | 42% | 46% | 47% | —ppt | (4)ppt | (5)ppt |
| Sexual abuse[2] | 1% | 1% | 1% | 1% | —ppt | —ppt | —ppt |

1. *Victims of maltreatment are defined as children who experienced or who were at risk of experiencing abuse or neglect.*
2. *A child may have suffered from more than one type of maltreatment and therefore, the total number of reported maltreatments exceeds the number of fatalities and the total percentage of reported maltreatments exceeds 100%. The percentages are calculated against the number of child fatalities in the reporting states.*
3. *May not add to 100% due to unknown population.*

Children victimized and who suffer fatalities as a result of reported maltreatment are most often boys who are victims of their parents, one year old or younger, neglected, and white. However, Black children disproportionately suffer victimization and death from reported maltreatment, comprising 13% of the child population in 2023, while comprising 22% of child victims and 34% of child fatalities as a result of reported maltreatment.

Reported child victimization rates decreased over the past decade, overall and across most demographics, though victimization rates and the percentages of the victim population certain groups represent increased for:

- girls, with their share of the victim population increasing 1 percentage point;
- Black and Hispanic children, with their share increasing 1 and 2 percentage points, respectively; and
- victims of neglect and sexual abuse, with their representation among the types of maltreatment increasing 2 and 1 percentage points, respectively.

Child fatalities as a result of reported maltreatment increased over the past decade. Increased fatality rates were seen in children of all age groups. By race and ethnicity, the percentage of child fatalities that were non-Hispanic white children decreased, those involving Black children increased, and those involving Hispanic children showed no change.

In 2023, parents represented 89% of the perpetrators of reported child victimization, while 15% were nonparents, and 4% were unknown (figures don't add to 100% due to multiple perpetrator situations). In 2013, parents represented 82% of the perpetrators, while 15% were nonparents, and 3% were unknown. In 2019, the categories for perpetrators of child victimization changed such that 2023 data may not be fully comparable to 2013 data. The purpose of the change was to be more descriptive about what the categories include and to reduce the number of relationships counted as unknown.

## Child welfare

| School year, except as otherwise noted | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Children in poverty (in thousands, calendar year) | 11,870 | 10,470 | 11,020 | 13,250 | 13% | 8% | (10)% |
| *Rate of children in poverty* | *15%* | *15%* | *16%* | *22%* | *—ppt* | *(1)ppt* | *(7)ppt* |
| Percentage of children receiving free or reduced lunch at school | 70% | 97% | 74% | 70% | (27)ppt | (4)ppt | —ppt |
| Homeless children enrolled in school and known to our Government (in thousands)[1] | 1,375 | 1,205 | 1,505 | 1,203 | 14% | (9)% | 14% |
| *Homeless children enrolled in school and known to our Government per 10,000 children* | *188* | *164* | *205* | *163* | *15%* | *(8)%* | *15%* |

1. *Years represent the school year ending in the year noted. Includes the District of Columbia and Puerto Rico. Enrolled students include those aged 0 to 2, 3 through 5 not in Kindergarten, enrolled in Kindergarten through grade 12, and ungraded. Grade 13 is included for school year 2014. Data is inconsistently reported year over year by state and local educational agencies. Numbers reflect the number of homeless students known to the Government rather than the total number of homeless students in the country.*

### Child poverty

Children in poverty represent roughly a third of the overall US population in poverty. The numbers of children in poverty have fluctuated but ultimately declined over the decade, including declines for six consecutive years from 2014 to 2019. The rate of children in poverty followed the same pattern.

Child poverty rates for all races and ethnicities decreased when comparing 2023 to 2013. Child poverty rates vary widely by race and ethnicity. In 2023, the races and ethnicities with the highest rates of child poverty are the American Indian/Alaska Native population at 29% (ranging from 22% to 37% over the decade), followed by the non-Hispanic Black population at 25% (ranging from 22% to 38%), and the Hispanic population at 23% (ranging from 21% to 33%). White and Asian populations have lower rates of child poverty, with the non-Hispanic white population at 9% in 2023 (ranging from 8% to 13% over the decade), and the Asian population at 12% (ranging from 7% to 15%).

### Free and reduced lunch

The percentage of children receiving free or reduced lunch at school grew consistently from 2013 through 2022, but then dropped sharply from 2022 to 2023, despite reduced numbers of children in poverty in those years generally. Any child at a participating school may purchase a meal through the National School Lunch Program. Children from families with incomes at or below 130% of the FPL are eligible for free meals. Those with incomes between 130% and 185% of the FPL (for school year 2022-2023, 130% of the FPL is $36,075 for a family of four; 185% is $51,338) are eligible for reduced-price lunch, for which students can be charged no more than 40 cents. The increased percentage of children receiving free or reduced lunch at school between 2010 and 2020 may be due to the *2010 Healthy Hunger-Free Kids Act*, which allows qualifying schools in high-poverty areas to provide free meals to all students without requiring students to demonstrate eligibility. The increase in 2021 and 2022 is attributable to a USDA pandemic waiver allowing for meals to be provided free of charge to all students, regardless of their household's income.[69] This waiver expired on June 30, 2022, after which schools were required to return to standard income-based eligibility rules.

### Homeless children

Homeless children enrolled in school and known to our Government increased over the past decade. Most (75% in 2023) homeless children are "doubled up," or living with others due to loss of housing, economic hardship, or a similar reason. The next largest source of primary nighttime residence for homeless children, at 11% of the homeless in 2023, was shelters

and transitional housing (includes students awaiting foster care). The fastest growing form of nighttime residence over the decade was hotels/motels, growing 79% from 2013 to 9% of the homeless children in 2023.

## Common Defense

This segment works to provide for the common defense of the US population. Its reporting units are national defense and support for veterans, immigration and border security, and foreign affairs and foreign aid. We are missing 2023 data for several key metrics. However, overall, the long-term trend for the past decade shows we:

- ***made meaningful progress*** on numbers of: active-duty military deaths overall and for all categories, except undetermined or pending and self-inflicted; veteran unemployment; removal or return of unauthorized persons, including those with a prior criminal conviction; drugs seized at the border and intellectual property seizures; and valid passports in circulation; and
- ***regressed notably*** on numbers of: undetermined or pending and self-inflicted active-duty military deaths; US civilian deaths overseas from nearly all causes; border apprehensions of illegal aliens; and airport firearm discoveries.

Shorter-term trends may differ, and trends may have changed after the latest period presented here.

### National defense and support for veterans

The national defense and support for veterans reporting unit provides for our common defense by maintaining and managing the military and providing benefits for veterans, as well as by keeping Americans safe abroad.

#### National defense

| Calendar year, except as otherwise noted | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Total armed forces, excluding reserves (in thousands, fiscal year)** | **2,065** | **2,060** | **2,057** | **2,111** | **—%** | **—%** | **(2)%** |
| Number of active-duty military stationed in (in thousands):[1] | 1,273 | 1,305 | 1,304 | 1,370 | (2)% | (2)% | (7)% |
| US | 1,112 | 1,141 | 1,139 | 1,209 | (3)% | (2)% | (8)% |
| Abroad | 161 | 164 | 165 | 161 | (1)% | (3)% | —% |
| **Number of active-duty military deaths from:** | **na** | **844** | **918** | **1,031** | **na** | **na** | **na** |
| Hostile/terrorist | na | — | 14 | 91 | na | na | na |
| Accidents | na | 265 | 306 | 369 | na | na | na |
| Self-inflicted | na | 333 | 363 | 292 | na | na | na |
| Illness | na | 144 | 174 | 214 | na | na | na |
| Homicide | na | 31 | 31 | 40 | na | na | na |
| Undetermined or pending | na | 71 | 30 | 25 | na | na | na |
| **Number of US civilian deaths overseas by cause:** | **998** | **616** | **724** | **858** | **62%** | **38%** | **16%** |
| Vehicle accident | 225 | 160 | 167 | 229 | 41% | 35% | (2)% |
| Homicide | 170 | 92 | 132 | 176 | 85% | 29% | (3)% |
| Suicide | 171 | 103 | 112 | 145 | 66% | 53% | 18% |
| Drowning | 161 | 106 | 136 | 115 | 52% | 18% | 40% |
| Terrorist, hostage, and execution | 50 | 2 | 6 | 16 | nm | 733% | 213% |
| Other accident | 166 | 121 | 107 | 153 | 37% | 55% | 8% |
| Other[2] | 55 | 32 | 64 | 24 | 72% | (14)% | 129% |

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

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

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

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

### Armed forces

Both the overall numbers of armed forces (excluding reserve forces) and the number of active-duty military personnel decreased over the decade, 2% and 7%, respectively. The total number of active-duty military stationed abroad was unchanged for the decade. However, the mix of station location changed when comparing 2023 to 2013; there was a decline in those stationed abroad, primarily in the "undistributed/other/unknown/ships afloat" geography (down 80%), mostly in the Army, followed by the Air Force. This decline was offset in part by increased numbers of active-duty military personnel stationed in East Asia and Pacific (up 58%) in all branches, with the largest increase in the Army, followed by the Air Force.

### Active-duty military deaths

The numbers of active-duty military deaths decreased 18% when comparing 2013 to 2022 (the latest year for which we have data), with most major causes decreasing, except for self-inflicted and undetermined or pending deaths. The largest incident decrease for the decade was for accidents (down 104 instances or 28%), followed by hostile action (down 91 or 100%), and illness (down 70 or 33%). Although deaths from terrorism, hostage and execution remain small compared with other causes of death for US citizens abroad, the notable increase in 2023 is primarily explained by the October 7 attack in Israel, in which 32 Americans were killed, according to the US Department of State.[70]

### US civilian deaths overseas

The numbers of deaths of US civilians overseas fluctuates from year to year but increased 16% in 2023 compared to a decade ago, reflecting an increase in nearly all major causes of death. The largest incident increase for the decade was in drowning (up 46 instances or 40%), followed by terrorist, hostage and execution (up 34 or 213%), while the only decreases were in homicide (down 6 instances or 3%) and vehicle accident (down 4 or 2%). The number of trips taken by US citizens to international destinations, by land and air, increased 60% in 2023 as compared to 2013.

### Support for veterans

| Calendar year, except as otherwise noted<br>(In thousands, except percentages or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Number of veterans | 15,814 | 16,200 | 17,964 | 19,589 | (2)% | (12)% | (19)% |
| Rates of veteran: | | | | | | | |
| Unemployment | 3% | 3% | 4% | 7% | —ppt | (1)ppt | (4)ppt |
| Poverty | 8% | 8% | 7% | 7% | —ppt | 1ppt | 1ppt |
| Disability | 31% | 31% | 29% | 29% | —ppt | 2ppt | 2ppt |
| Number of unique VA patients (fiscal year) | 6,244 | 6,219 | 6,116 | 5,690 | —% | 2% | 9% |

The number of veterans decreased consistently between 2013 and 2023, while indicators of veteran well-being were mixed.

### Veteran unemployment

The veteran unemployment rate has fluctuated but mostly trended downward since 2013 and is down approximately 4 percentage points when comparing 2013 to 2023. As of 2023, the veteran unemployment rate of 2.8% was lower than the overall unemployment rate of 3.8%. See discussion of overall unemployment at *General Welfare / Economy and Infrastructure / Employment profile (calendar year 2023)* below.

### Veteran poverty[71,72,73]

The veteran poverty rate and veteran compensation and pension payments increased over the decade, despite veteran unemployment declining between 2013 and 2023. In 2023, the veteran poverty rate of 7.6% was less than the poverty rate of all persons of 11.1%. Demographically in 2023:

- by age, veterans ages 18-34, 55-64, and 65 years and older had the highest poverty rates at 8%, 9%, and 8%, respectively, while veterans ages 35-54 had the lowest rate at 6%;
- veterans in poverty age 65 years and older had the highest rate of disability, at 50%, while veterans in poverty ages 18-34 had the lowest rate of disability, at 22%;
- female veterans had a higher employment rate than male veterans, at 55% for females and 46% for males;
- for male and female veterans, employment rates were highest at ages 35-54 and decreased as age increased thereafter; and
- the rate of veterans in poverty by state/district/territory ranged from 5% in each in Maine and New Hampshire to 17% in Puerto Rico. Those with rates of poverty over 10% were in:
  - Puerto Rico, at 17%, while the overall unemployment rate for the territory was 6%; and
  - District of Columbia, at 11%, while the overall unemployment rate for the district was 5%.

### Veteran disability

The veteran disability rate increased 2 percentage points between 2013 and 2023. The most prevalent service-connected disabilities for which veterans were receiving disability compensation at the end of fiscal year 2023 were Tinnitus (the perception of noise or ringing in the ears - 8%), limitation of knee flexion (5%), hearing loss (4%), post-traumatic stress disorder (4%), lumbosacral or cervical strain (4%), and paralysis of the sciatic nerve (4%).

### VA patients

While the overall veteran population declined for the periods presented here, the number of unique patients being treated at VA medical centers increased over the decade. According to the GAO, this is due in part to service members returning from US military operations in Afghanistan and Iraq and the growing needs of an aging veteran population. The proportion of living veterans who served in the Korean War, World War II, and Vietnam decreased 7, 6, and 3 percentage points, respectively, while the proportion of living veterans who served in the Gulf War increased 21 percentage points, between 2013 and 2023.

## Immigration and border security

The immigration and border security reporting unit manages the US immigration process, including borders and customs responsibilities.

### Authorized entry to the US

| Fiscal year<br>(In thousands, except percentages or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Naturalizations (citizenship)[1] | 878 | 969 | 762 | 780 | (9)% | 15% | 13% |
| *Naturalizations as a percentage of attempts*[2] | *90%* | *90%* | *89%* | *90%* | *—ppt* | *1ppt* | *—ppt* |
| Green Cards (permanent residence) granted[3] | 1,173 | 1,018 | 1,097 | 991 | 15% | 7% | 18% |
| Visas granted | 10,438 | 6,815 | 9,028 | 9,164 | 53% | 16% | 14% |

1. *Naturalization is the process by which US citizenship is granted to a foreign citizen or national after he or she fulfills the requirements established by Congress in the* Immigration and Nationality Act (INA).
2. *Attempts are the sum of naturalizations and denials.*
3. *Foreign nationals granted lawful permanent residence*

The number of employees working in citizenship and immigration services within DHS increased 62% over the past decade.

### Naturalizations (citizenship)

Naturalization is the way a person not born in the US voluntarily becomes a US citizen. General requirements for naturalization include that the applicant to be at least 18 years old at the time of filing, be a permanent resident (have a "Green Card") for at least five years, demonstrate continuous residence in the US for at least five years immediately preceding the date of filing, and be able to read, write, and speak basic English.

Naturalizations increased 13% in 2023 as compared to 2013, while naturalizations as a percentage of attempted naturalizations decreased 1 percentage point. Throughout the periods presented in this report, most people who naturalized were:

- females, including 54% of those who naturalized in 2023;
- 21 years of age or older, including 97% in 2023;
- married, including 65% in 2023;
- working in an unknown occupation, including 81% of those naturalized in 2023; and
- born in Asia or North America, including 37% and 32%, respectively, in 2023.

### Green Cards (permanent residence)

A Green Card allows a person to live and work permanently in the US. There are a few eligibility categories that allow an individual to apply for a Green Card: through family, through employment, as a Special Immigrant, for victims of abuse, through registry, and through other categories. Most people who apply for a Green Card will need to complete two forms—an immigrant petition and a Green Card application. Someone else usually must file the petition on behalf of the applicant (e.g. family, spouse, employer). The petitioner may be a US citizen or a lawful permanent resident, depending on the green card category and relationship.

Green Cards granted increased 18% over the decade. Throughout the periods presented in this report, most people who were granted Green Cards were:

- females, including 55% of those granted Green Cards in 2023;
- 21 years of age or older, including 79% in 2023;
- married, including 58% in 2023;
- either immediate family members (47% in 2023) or otherwise related (17% in 2023) to US citizens; and
- born in Asia or North America, including 36% and 38%, respectively, in 2023.

The categories of Green Card recipients with the largest numerical and percentage declines respectively, between 2013 and 2023, were refugees, with a decline of 18,365 people or 24%, and certain parolees, declining 546 people or 98%. The category with the largest numerical growth between 2013 and 2023 was diversity immigrants (up 21,732 people or 48%), and the category with the largest percentage growth between 2013 and 2023 was certain special immigrants (up 7,669 people or 111%).

### Visas

The numbers of visas granted fluctuated but ultimately increased over the past decade. In 2020, we saw the largest one-year drop in 25 years (the earliest year for which we have records) as offices were instructed to suspend routine visa services and provide only mission critical and emergency services in late March 2020 due to the COVID-19 pandemic. Limited services resumed on an office-by-office basis beginning in July of 2020, as local conditions allowed, though the number of visas granted in 2021 continued to decline before increasing again in 2022.[74]

Most visas are granted to temporary visitors for business or pleasure, including 74% of visas granted in 2023. The next largest category of visa recipients are temporary workers and their families, at 11% in 2023, followed by students and their families and exchange visitors and their families, at 5% and 3%, respectively, in 2023. The category of visa recipients with the largest numerical growth between 2013 and 2023 was temporary visitors for business and pleasure, with growth of

675 thousand people or 10%, and the category of recipients with the largest numerical decline was students and their families, with a decline of 97 thousand people or 17%.

## Unauthorized entry to the US

| Fiscal year<br>(In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Border apprehensions and expulsions of illegal aliens[1] | 2,064 | 2,215 | 404 | 421 | (7)% | 411% | 390% |
| *Rate of apprehensions and expulsions per attempted crossing (apprehensions and expulsions plus estimated undocumented population)* | *na* | *17%* | *3%* | *na* | *na* | *na* | *na* |
| Persons removed or returned[2] | na | 370 | 488 | 611 | na | na | na |
| *Rate of those removed or returned per estimated undocumented person in the population* | *na* | *3%* | *4%* | *na* | *na* | *na* | *na* |
| Persons removed with a prior criminal conviction[3] | na | 63 | 148 | 198 | na | na | na |
| *Rate of those removed that had a prior criminal conviction* | *na* | *17%* | *30%* | *32%* | *na* | *na* | *na* |

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

*1. Beginning in March 2020, USBP Encounters statistics include both Title 8 Apprehensions and Title 42 Expulsions implemented in connection with COVID-19. To learn more, visit: https://www.cbp.gov/newsroom/stats/cbp-enforcement-statistics/title-8-and-title-42-statistics.*

*2. Removals are the compulsory and confirmed movement of an inadmissible or deportable alien out of the US based on an order of removal. An alien who is removed has administrative or criminal consequences placed on subsequent reentry owing to the fact of the removal. Returns are the confirmed movement of an inadmissible or deportable alien out of the US not based on an order of removal.*

*3. Refers to persons who have a prior criminal conviction. In 2017, Office of Immigration Statistics started aligning with Enforcement and Removal Operations (ERO's) methodology in identifying criminals within the ERO administrative arrest data, one that is no longer solely based on criminal conviction.*

The number of employees working in customs and border protection and immigration and customs enforcement within the DHS increased 8% and 4%, respectively, over the past decade. The number of border patrol agents decreased 10% nationwide when comparing 2013 to 2022 (the latest period for which we have data).

### Border apprehensions and expulsions

Border apprehensions and expulsions increased over the past decade by 390%, ending 2023 at 2.1 million. Nearly all border apprehensions occur at the southwest border of the US, and 28% of all illegal aliens apprehended in 2023 were from Mexico. Over the last decade, the number of illegal aliens apprehended from Mexico increased 118%, while the number of illegal aliens apprehended from other locations increased 866%, led by increases in individuals from Venezuela, Guatemala, Colombia, and Honduras.

### Persons removed or returned

The number of persons removed or returned decreased 39% when comparing 2013 to 2022 (the latest year for which we have data). Of those removed in 2022, the regions with the largest populations were as follows: 57% were Mexican nationals, of whom 66% had a prior criminal conviction; 7% were El Salvadorian nationals, of whom 27% had a prior criminal conviction, 6% were Guatemalan nationals, of whom 52% had a prior criminal conviction; and 6% were Honduran nationals, of whom 57% had a prior criminal conviction. Of those returned in 2022, 61% were from Asia, including 22% from the Philippines, 17% from India, and 11% from China, while 17% were from Europe and 17% were from North America, including 12% from Canada.

## Estimated unauthorized immigrant population in the US

| January 1 | 2000 | 2005 | 2010 | 2010[1] | 2015[2] | 2015[3] | 2016[3] | 2017[3] | 2018 | 2019 | 2020 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Unauthorized immigrants[†]** | | | | | | | | | | | | |
| Estimated population (in thousands) | 8,460 | 10,490 | 10,790 | 11,590 | 11,960 | 11,440 | 11,750 | 11,410 | 11,570 | 11,110 | 10,510 | 10,990 |
| **Period of entry** | | | | | | | | | | | | |
| 1980 to 1989 | na | 21.1% | 18.7% | na | na | 15.0% | 14.0% | 13.5% | 13.5% | 13.7% | 14.1% | 13.3% |
| 1990 to 1999 | na | 49.7% | 42.6% | na | na | 36.5% | 34.8% | 33.5% | 33.0% | 31.9% | 32.5% | 30.6% |
| 2000 to 2009 | na | 29.2% | 38.8% | na | na | 41.2% | 40.1% | 39.4% | 36.6% | 37.6% | 37.4% | 35.1% |
| 2010 or later | na | na | na | na | na | 7.3% | 11.1% | 12.4% | 16.9% | 16.8% | 16.0% | 21.0% |
| **Gender and age** | | | | | | | | | | | | |
| Male | na | na | 57.0% | na | 52.6% | 52.6% | 52.3% | 52.0% | 51.9% | 52.0% | 52.4% | 54.2% |
| Female | na | na | 43.0% | na | 47.4% | 47.4% | 47.7% | 48.0% | 48.1% | 48.0% | 47.6% | 45.8% |
| Under 18 years | na | na | 11.4% | na | 8.7% | 9.9% | 8.9% | 9.5% | 9.5% | 9.5% | 9.6% | 11.2% |
| 18 to 24 years | na | na | 12.0% | na | 9.5% | 10.3% | 9.2% | 8.4% | 8.6% | 8.5% | 8.0% | 6.9% |
| 25 to 34 years | na | na | 35.1% | na | 29.5% | 30.6% | 28.9% | 27.4% | 25.2% | 24.3% | 23.0% | 19.3% |
| 35 to 44 years | na | na | 27.7% | na | 30.2% | 30.1% | 31.2% | 31.5% | 31.4% | 31.3% | 31.7% | 30.8% |
| 45 to 54 years | na | na | 10.2% | na | 15.1% | 14.2% | 15.3% | 16.6% | 17.6% | 18.9% | 20.1% | 22.0% |
| 55+years | na | na | 3.6% | na | 7.0% | 4.9% | 6.5% | 6.6% | 7.7% | 7.6% | 7.6% | 9.8% |
| **Country of birth** | | | | | | | | | | | | |
| Mexico | 55.3% | 56.9% | 61.5% | 58.9% | 55.0% | 54.2% | 50.8% | 51.4% | 47.9% | 48.2% | 47.3% | 43.8% |
| Guatemala | 3.4% | 3.5% | 4.8% | 4.5% | 5.2% | 5.2% | 5.2% | 5.3% | 5.4% | 6.0% | 7.4% | 6.8% |
| El Salvador | 5.1% | 4.5% | 5.7% | 5.8% | 6.3% | 6.3% | 6.4% | 6.6% | 6.3% | 6.8% | 7.1% | 6.5% |
| Honduras | 1.9% | 1.7% | 3.1% | 3.3% | 3.7% | 3.7% | 3.7% | 4.4% | 3.9% | 4.1% | 5.2% | 5.1% |
| Philippines | 2.4% | 2.0% | 2.6% | 2.5% | 3.1% | 3.1% | 3.5% | 2.6% | 3.2% | 3.2% | 3.2% | 3.2% |
| Columbia | 1.2% | 1.0% | 1.0% | 1.0% | 1.2% | 1.1% | 1.2% | 1.1% | 1.8% | 1.7% | 1.8% | 2.2% |
| India | 1.4% | 2.7% | 1.9% | 2.3% | 3.9% | 3.9% | 4.8% | 4.3% | 4.1% | 3.5% | 3.2% | 2.0% |
| China | 2.2% | 2.2% | 1.2% | 2.6% | 2.7% | 2.8% | 3.6% | 3.6% | 3.4% | 3.0% | 2.6% | 1.9% |
| Other countries | 27.1% | 25.5% | 18.2% | 19.1% | 18.3% | 19.7% | 20.8% | 20.7% | 24.0% | 23.6% | 22.1% | 28.6% |

*[†] The most recent data available from our Government is shown in this table.*

*[††] The unauthorized resident immigrant population is defined as all foreign-born non-citizens who are not legal residents and calculated as: the legally resident population (includes all persons who were granted lawful permanent residence; granted asylum; admitted as refugees; or admitted as nonimmigrants for a temporary stay in the US and not required to leave by January of the respective year) on January 1 of the respective year less the total foreign-born population living in the US on the same date. Under section 249 of the INA, the registry provision, qualified persons who have resided continuously in the US since prior to January 1, 1972 may apply for LPR status. Additionally, persons who had resided continuously in the US since prior to January 1, 1982 as unauthorized residents were eligible to adjust for LPR status under the* Immigration Reform and Control Act of 1986.

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

*[1.] Revised by DHS to be consistent with estimates derived from the 2010 Census.*

*[2.] 2015 estimates should not be compared with DHS estimates previously released for 2000-2010 due to the use of the 2010 Census population estimates versus the 2000 Census population estimates. A revision for 2010 to be consistent with the 2010 Census has been provided by DHS.*

*[3.] 2015-2017 incorporate minor updates to improve upon the methodology employed in previous years. A revision for 2015 to be consistent with the new methodology has been provided by DHS.*

Due to a change in methodology, we are not able to compare the estimated undocumented population consistently across all periods presented in this report. However, the estimated undocumented population increased in the early 2000s and has hovered between 10 million and 12 million recently, with a shift in the mix of immigrants towards the oldest and youngest age groups and those with countries of birth other than Mexico.

## Other border security

| Fiscal year, except as otherwise noted (In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Intellectual property seizures[1] | 16 | 21 | 34 | 24 | (24)% | (54)% | (36)% |
| *Intellectual property seizures per 100 border agents* | *na* | *108* | *174* | *112* | *na* | *na* | *na* |
| Drugs seized at the border coming into the US (kgs) | 181 | 189 | 406 | 1,348 | (4)% | (55)% | (87)% |
| Airport firearm discoveries (actual, calendar year) | 6,737 | 6,542 | 4,239 | 1,813 | 3% | 59% | 272% |

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

*[1.] Products that are seized because they infringe on US trademarks, copyrights, and patents.*

### Intellectual property seizures

Intellectual property seizures decreased 36% over the decade, while the average border agent is seizing roughly the same amount of goods when comparing 2013 to 2022 (the latest year for which we have data). There have been changes in the sources and nature of the goods seized:

- *Economy of origin* – Mainland China and Hong Kong were consistently the top two sources of goods seized during the periods presented, while many of the other originators have changed; two of the top 5 originators in 2013 were not among the top 5 in 2023. In 2023 and 2013, the value of seized goods originating in Mainland China represented 69% and 68%, respectively, of the value of all seized goods, while the value of those originating in Hong Kong represented 19% and 25%, respectively, of the value of all seized goods in these years.
- *Commodities seized* – In 2023, the aggregate Manufacturer's Suggested Retail Price (MSRP) of intellectual property seizures was $2.6 billion, compared to $1.7 billion in 2013. The top commodities (those comprising 8% or more of aggregate MSRP) seized in 2023 were watches/jewelry (40% of aggregate MSRP), handbags/wallets (25%), and wearing apparel/accessories (15%). In 2013, the top commodities seized were handbags/wallets (40% of aggregate MSRP), watches/jewelry (29%), and consumer electronics/parts (8%).

### Drug seizures

Total kilograms of drugs seized at the border have declined each year since 2014 (except for 2020) reflecting decreased seizures of marijuana and heroin, offset in part by increased seizures of nearly all other categories of drugs reported, primarily methamphetamine, fentanyl, and cocaine. Drug seizures decreased 87% for the decade, driven by a 95% and 67% decrease in marijuana and heroin seizures, respectively, offset in part by a 477% increase in methamphetamine seizures. Marijuana seizures began to decline in 2014 and have declined 94% since then. Recreational use of marijuana was legalized in Colorado and Washington states in 2012. Twenty-two additional states and the District of Columbia legalized recreational use of marijuana between 2014 and 2023. Marijuana seizures represented 37% of overall drug seizures in 2023.

### Airport firearm discoveries

Firearm discoveries at TSA airport checkpoints have consistently increased each year (except 2020 when travel declined due to COVID-19), and are up 272% for the decade. In 2023, TSA screened approximately 858 million passengers through its airport security checkpoints, an increase of 13% from approximately 761 million passengers screened in 2022. Though the absolute number of discoveries is up, firearm discoveries per million passengers screened decreased from 9 to 8 when comparing 2023 to 2022. Discoveries were made at 265 airports during 2023, with the greatest numbers discovered at Hartsfield-Jackson Atlanta International Airport and Dallas/Fort Worth International Airport at 451 and 378 discoveries, respectively. Of the overall number of firearms discovered in 2023, 93% were loaded.

## Foreign affairs and foreign aid

The foreign affairs and foreign aid reporting unit aims to support American interests and values around the world through diplomacy.

| Fiscal year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Number of valid passports in circulation (in thousands) | 160,669 | 151,814 | 137,589 | 117,444 | 6% | 17% | 37% |
| Foreign aid obligations by type (in millions): | | | | | | | |
| Governance | $ 59,865 | $ 31,936 | $ 20,415 | $ 19,491 | 87% | 193% | 207% |
| Health and population | $ 9,540 | $ 15,152 | $ 8,902 | $ 9,180 | (37)% | 7% | 4% |
| Humanitarian | $ 14,683 | $ 17,255 | $ 8,051 | $ 4,880 | (15)% | 82% | 201% |
| Infrastructure | $ 1,440 | $ 421 | $ 427 | $ 1,835 | 242% | 238% | (22)% |
| Other | $ 15,030 | $ 13,808 | $ 10,161 | $ 10,742 | 9% | 48% | 40% |

The number of valid passports in circulation increased over the decade, outpacing the rate of population growth. Passports are mainly being used for travel to Mexico. In 2023, 37% of US citizens' outbound international travel was to Mexico, increasing by 4 percentage points from 2013.[75]

### Aid by category

Foreign aid has fluctuated over the past decade, with a shift towards humanitarian and health and population aid and away from infrastructure aid. Growth in humanitarian and health and population aid outpaced inflation, while infrastructure aid has been significantly reduced. According to the CRS, "The [infrastructure] aid programs in Iraq and Afghanistan supported the building of schools, health clinics, roads, power plants, and irrigation systems.... The Afghanistan Infrastructure Fund... wound down as the US military presence in that country declined... In Iraq alone, more than $10 billion went to economic infrastructure. Economic infrastructure is now also supported by US assistance in a wider range of developing countries through the Millennium Challenge Corporation. In this case, recipient countries design their own assistance programs, most of which, to date, include an infrastructure component."[76]

### Aid by country

Ukraine received the most aid in 2023 at $16.6 billion, followed by Israel at $3.3 billion, Ethiopia at $1.6 billion, Jordan at $1.6 billion, and Egypt at $1.5 billion. According to the CRS, "Adjusted for inflation, annual foreign assistance funding since FY 2003 has been higher than in any period since the Marshall Plan was implemented in the years immediately following World War II. The United States has been a leading provider of security assistance to Ukraine, particularly since Russia launched its expanded invasion of Ukraine on February 24, 2022. From 2014, when Russia first invaded Ukraine through December 27, 2023, the United States committed more than $47 billion in security assistance to support Ukraine's efforts to defend itself against Russia's aggression, secure its borders, and improve interoperability with NATO."[77] Aid to Ethiopia has grown over the decade, as "Ethiopia's stability and development have been priorities for US engagement, given its size, susceptibility to food insecurity, and position in a volatile but strategic region."[78]

Aid to Israel has been relatively steady over the past 40 years, exceeding $2 billion in 1981 and remaining between $2 billion and $4 billion annually since. Through 2022, according to the CRS, "Israel is the largest cumulative recipient of US foreign assistance since World War II... To date, the United States has provided Israel $158 billion (current, or noninflation-adjusted, dollars) in bilateral assistance and missile defense funding. Almost all US bilateral aid to Israel is in the form of military assistance, although from 1971 to 2007 Israel also received significant economic assistance... In 2016, the US and Israeli governments signed their third 10-year Memorandum of Understanding (MOU) on military aid, covering FY2019 to FY2028. Under the terms of the MOU, the United States pledges to provide—subject to congressional appropriation—$38 billion in military aid...to Israel. The United States and Israel have maintained strong bilateral relations based on a number of factors, including robust domestic US support for Israel and its security; shared strategic goals in the Middle East; a mutual commitment to democratic values; and historical ties dating from US support for the creation of Israel in 1948. US foreign aid has been a major component in cementing and reinforcing these ties."[79]

## General Welfare

This segment works to promote the general welfare of the US population. Its reporting units are economy and infrastructure, standard of living and aid to the disadvantaged, and health. Overall, the long-term trend for the past decade shows we:

- ***made meaningful progress*** on growing our economy as measured by increases in: GDP; the S&P 500 index; private fixed investment; numbers of businesses, including those less than one year old; new home sales; and total household consumption; and by decreases in: bankruptcy filings and bank failures; rates of housing vacancy and poverty; median annual wage and workers at or below minimum wage; rates of smoking; and the percentage of Americans without health insurance coverage; and
- ***regressed notably*** in increased: net trade deficit; median price of new homes and median gross rent; rates of senior employment; the federal minimum wage when adjusted for inflation; hours of delay per urban commuter; certain Amtrak metrics, including numbers of Amtrak passengers, hours of Amtrak delays due to factors not

related to Amtrak itself, and the age of car fleets; numbers of people in subsidized housing; deaths from circulatory diseases, other synthetic narcotics, and firearms; rates of depression and obesity; and spending on healthcare, including out-of-pocket costs.

Shorter-term trends may differ, and trends may have changed after the latest period presented here.

## Economy and infrastructure

The economy and infrastructure reporting unit seeks to encourage economic growth and development, and to limit economic volatility. It also works to ensure there are jobs for those who can work and to maintain minimum wages.

### Economy

#### Investment, Gross Domestic Product (GDP), and trade

| Calendar year, except as otherwise noted<br>(In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Investment** | | | | | | | |
| S&P 500 (end of December) (actual) | 4,770 | 3,840 | 2,507 | 1,848 | 24% | 90% | 158% |
| *S&P 500 adjusted for inflation* | *4,770* | *3,998* | *3,042* | *2,417* | *19%* | *57%* | *97%* |
| Private fixed investment (in billions)[1] | $ 4,970 | $ 4,663 | $ 3,668 | $ 2,772 | 7% | 35% | 79% |
| Residential | $ 1,114 | $ 1,179 | $ 812 | $ 512 | (5)% | 37% | 118% |
| Nonresidential | $ 3,856 | $ 3,484 | $ 2,856 | $ 2,221 | 11% | 35% | 74% |
| *Private fixed investment per capita* | *$ 14,756* | *$ 13,960* | *$ 11,165* | *$ 8,752* | *6%* | *32%* | *69%* |
| *Private fixed investment adjusted for inflation* | *$ 4,970* | *$ 4,855* | *$ 4,451* | *$ 3,626* | *2%* | *12%* | *37%* |
| **GDP (in billions)** | **$ 28,425** | **$ 26,771** | **$ 20,918** | **$ 17,192** | **6%** | **36%** | **65%** |
| GDP (in billions) adjusted for inflation (using GDP deflator) | $ 28,425 | $ 27,873 | $ 25,383 | $ 22,487 | 2% | 12% | 26% |
| *GDP adjusted for inflation per capita* | *$ 84,396* | *$ 80,149* | *$ 63,672* | *$ 54,280* | *5%* | *33%* | *55%* |
| **Trade (in millions)** | | | | | | | |
| Annual trade (deficit) between the US and other countries | $ (928,002) | $ (993,134) | $ (438,994) | $ (339,516) | (7)% | 111% | 173% |
| Annual trade (deficit) surplus of $100 billion+ by country: | | | | | | | |
| Mainland China | $ (281,622) | $ (392,749) | $ (407,375) | $ (328,706) | (28)% | (31)% | (14)% |
| Mexico | $ (181,641) | $ (159,101) | $ (94,932) | $ (64,557) | 14% | 91% | 181% |
| Japan | $ (110,409) | $ (107,715) | $ (81,463) | $ (89,296) | 3% | 36% | 24% |
| Germany | $ (101,291) | $ (87,485) | $ (80,909) | $ (76,774) | 16% | 25% | 32% |
| Netherlands | $ 116,805 | $ 118,625 | $ 102,358 | $ 88,746 | (2)% | 14% | 32% |

1. *Private fixed investment measures spending by private businesses, nonprofit institutions, and households on fixed assets in the US economy. Fixed assets consist of structures, equipment, and software that are used in the production of goods and services. Private fixed investment encompasses the creation of new productive assets, the improvement of existing assets, and the replacement of worn out or obsolete assets.*

S&P 500

The S&P 500 increased by 24% in 2023 (from the end of 2022) and ended 2023 at 4,770. The index has grown in seven of the last 10 years and is up 158% from 2013.

Private fixed investment

Over the past decade, private fixed investment in residential investments increased 79%, while nonresidential investments increased 74%. Within residential, the largest dollar increase was in other structures, which increased $257 billion or 86%, followed by single family residential structures, which increased $230 billion or 135%. Other residential structures include manufactured homes, improvements, dormitories, net purchases of used structures, brokers' commissions on residential structures and adjoining land, and other ownership transfer costs. Within nonresidential, the largest increase was in intellectual property, which increased $830 billion or 119%, followed by equipment, which increased $369 billion or 36%, over the past decade. The only category for which private fixed investment decreased over the decade was mining exploration, shafts, and wells, down $50 billion or 33%.

GDP

GDP has grown over the past decade, even when adjusted for inflation and population. By industry, the largest increases were in finance, insurance, real estate, rental, and leasing (up $2.6 trillion or 74%); professional and business services (up $1.6 trillion or 79%); educational services, healthcare and social assistance (up $965 billion or 66%); government (up $936 billion or 42%); manufacturing (up $880 billion or 44%); and retail trade (up $827 billion or 83%). No industries declined over the decade.

Trade

The US has an overall net trade deficit with other countries, a plurality of which is a deficit with Mainland China. Mainland China accounted for 30% of our overall net trade deficit in 2023, made up mostly of a deficit in the trading of goods. The country with whom we had the largest trade surplus in 2023 was the Netherlands, primarily comprising a surplus of goods exports.

## Businesses

| (In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Businesses (end of March)** | | | | | | | |
| Establishments less than one year old | 1,049 | 1,065 | 734 | 629 | (2)% | 43% | 67% |
| Net change in establishments (number of openings less closings) | 194 | 442 | 90 | 95 | (56)% | 115% | 105% |
| **Bankruptcy filings** | **434** | **384** | **773** | **1,108** | **13%** | **(44)%** | **(61)%** |
| Business bankruptcy filings (fiscal year) | 17 | 13 | 22 | 35 | 30% | (23)% | (51)% |
| *Business bankruptcy filings per 10,000 businesses* | *na* | *21* | *36* | *60* | *na* | *na* | *na* |
| Non-business bankruptcy filings (fiscal year) | 371 | 418 | 768 | 1,219 | (11)% | (52)% | (70)% |
| *Non-business bankruptcy filings per 100,000 adults* | *141* | *161* | *301* | *501* | *(12)%* | *(53)%* | *(72)%* |
| Bank failures (calendar year) | 5 | — | — | 24 | nm | nm | (79)% |
| *Bank failures per 100,000 banks* | *109* | — | — | *352* | *nm* | *nm* | *(69)%* |

[na] *An "na" reference in the table means the data is not available.*
[nm] *An "nm" reference in the table means the figure is not meaningful because the number is divided by zero or change is greater than +/- 1,000%.*

Businesses

Establishments less than one year old and the net change in establishments have varied from year to year but ultimately increased over the past decade. The education and health services industry had the largest increase in number of establishments and rate of increase, at 402 thousand or 86%, while the retail trade industry had the largest decrease in number of establishments and rate of decrease, at 49 thousand or 11%. Every state in the nation saw increased establishments over the decade. The largest increase in number of overall establishments was in California at 345 thousand or 52%, while Utah had the largest rate increase at 71% or 36 thousand establishments.

Bankruptcy filings

Bankruptcy filings have decreased over the past decade, both business and non-business, by numbers and rates thereof. Bank failures were the highest of the decade in 2013 at 24 and declined each year thereafter (except for 2017) until they reached zero in 2018, increased to 4 for each 2019 and 2020, declined again to zero in 2021 and 2022, and then increased to five in 2023.

## Housing

| Calendar year (In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Homeownership rate (inverse is rental rate) | 66% | 66% | 65% | 65% | —ppt | 1ppt | 1ppt |
| **Homeowners** | | | | | | | |
| New home sales | 666 | 641 | 617 | 429 | 4% | 8% | 55% |
| *New home sales per 100,000 adults* | *253* | *246* | *242* | *176* | *3%* | *5%* | *44%* |
| Median new home price | $ 429 | $ 435 | $ 326 | $ 269 | (1)% | 31% | 59% |
| *Median home price adjusted for inflation* | *$ 429* | *$ 453* | *$ 396* | *$ 352* | *(5)%* | *8%* | *22%* |
| Median new home size (sq ft) | 2,286 | 2,328 | 2,435 | 2,478 | (2)% | (6)% | (8)% |
| Median new home lot size (sq ft) | 7,834 | 8,266 | 8,511 | 8,596 | (5)% | (8)% | (9)% |
| Vacancy rates[1] | 2% | 2% | 3% | 4% | —ppt | (1)ppt | (2)ppt |
| **Renters** | | | | | | | |
| Median gross rent (actual) | $ 1,406 | $ 1,300 | $ 1,058 | $ 905 | 8% | 33% | 55% |
| *Median gross rent adjusted for inflation* | *$ 1,406* | *$ 1,354* | *$ 1,284* | *$ 1,184* | *4%* | *10%* | *19%* |
| Vacancy rates[1] | 6% | 6% | 7% | 8% | —ppt | (1)ppt | (2)ppt |

1. *Vacancy rates are from the CPS/Housing Vacancy Survey and represent the unweighted average of vacancy rates for housing with 1 unit and 2 or more units (includes rates for 5 or more units).*

Rates of homeownership increased in all regions except for the Northeast when compared to a decade ago, while rates of renting a home did the opposite.

### Homeowners

New home sales bottomed out in 2011 amidst the Great Recession after a 76% decline from the peak, then increased annually until peaking again in 2020. They declined in 2021 and 2022, before rising once more in 2023. In the past decade, unit sales of new homes increased across all major regions. The South saw the largest unit and rate increase in sales (up 180 thousand units or 77%).

The median price of a new home followed a similar pattern as new home sales, decreasing during the Great Recession and mostly increasing since, surpassing pre-recession highs in 2013. In the past decade, all major regions saw increases, with the largest dollar and rate increase in median sales price in the Northeast at a $385,000 or 104% increase.

The median size and median lot size of new homes sold in 2023 decreased 8% and 9%, respectively, compared to a decade ago. When comparing 2023 to 2013, all major regions saw decreases in home sizes and lot sizes.

Vacancy rates for homeowner units decreased 2 percentage points over the past decade. In 2023, the homeowner vacancy rate for 1 unit was 1%, while vacancy rates for 2 or more units and 5 or more units were each 3%.

### Renters

Median gross rents increased compared to a decade ago. Median gross rent was $1,406 in 2023, up 19% from 2013, after adjusting for inflation. From 2013 to 2023, the largest dollar and rate increase in median gross rent was in the West (up $705 or 65%). By State or territory, Colorado had the largest inflation-adjusted dollar and rate increase at $501 or 52%, followed closely by Florida at $448 or 46%. One territory and three states decreased after inflation adjustments, Puerto Rico (down $29 or 6%), Alaska (down $88 or 8%), Mississippi (down $28 or 4%), and Wyoming (down $20 or 3%).

Vacancy rates for rental units decreased 2 percentage points over the past decade. Among the groupings reported, for all years in the decade, rentals with 5 or more units had the highest vacancy rates, higher than both those with 1 unit and with 2 or more units.

## Jobs and wages

| Calendar year<br>(In thousands, except percentages, rates, or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Total working age employment[1] | 150,157 | 147,717 | 146,055 | 136,248 | 2% | 3% | 10% |
| *Jobs per person in working age population (ages 16-64)[2]* | *0.70* | *0.70* | *0.70* | *0.65* | *—%* | *—%* | *8%* |
| Total senior employment[1] | 10,879 | 10,574 | 9,705 | 7,681 | 3% | 12% | 42% |
| *Jobs per person in senior population (ages 65+)[2]* | *0.18* | *0.18* | *0.19* | *0.17* | *—%* | *(5)%* | *6%* |
| Median annual wage (actual) | $ 48,060 | $ 46,310 | $ 38,640 | $ 35,080 | 4% | 24% | 37% |
| *Median annual wage adjusted for inflation* | *$ 48,060* | *$ 48,216* | *$ 46,887* | *$ 45,884* | *—%* | *3%* | *5%* |
| Workers at or below minimum wage | 870 | 1,023 | 1,711 | 3,300 | (15)% | (49)% | (74)% |
| *Workers at or below minimum wage per 1,000 hourly employees* | *11* | *13* | *21* | *43* | *(15)%* | *(48)%* | *(74)%* |
| Federal minimum wage per hour | $ 7.25 | $ 7.25 | $ 7.25 | $ 7.25 | —% | —% | —% |
| *Federal minimum wage per hour adjusted for inflation* | *$ 7.25* | *$ 7.55* | *$ 8.80* | *$ 9.48* | *(4)%* | *(18)%* | *(24)%* |

1. *Total employment is from the CPS and represents average annual national non-farm employment.*
2. *Total employment for each age group divided by the respective population of the US.*

### Jobs

Total working age employment increased each year of the decade except for 2020. When comparing 2023 to 2013, total working age employment increased 10%, while the working age population increased 3%, resulting in a 8% increase in jobs per working age person. Over this same period, total senior employment increased 42%, while the senior population increased 33%, resulting in a 6% increase in jobs per senior.

Demographically:

- *Gender* - the number of employed men and women increased at the same rate over the past decade (up 12% to 86 million workers and 76 million workers, respectively).
- *Race and ethnicity* - the number of employed Asian people increased at the greatest rate (up 36% to 11 million workers), followed by Hispanic people (up 35% to 30 million), and Black people (up 28% to 21 million), while the number of employed white people increased 7% (to 123 million).
- *Occupation* - the number of jobs that increased the most were in transportation and material moving, adding nearly 5 million jobs, followed by management, business and financial operations, and healthcare support, each of which added more than 3 million jobs in a decade, while the number of jobs that decreased the most were in office and administrative support and personal care and service, losing nearly 3 million jobs and 1 million jobs, respectively.

### Wages

The median annual wage increased across all occupations over the decade and outpaced inflation by 5%. By job (not adjusted for inflation):

- the largest dollar increase in median annual wages was in computer and mathematical operations, increasing $26,340 or 34% to $104,200;
- the largest percentage increase was in farming, fishing, and forestry, increasing 83% or $16,140 to $35,520;
- the smallest dollar increase was in healthcare support, increasing $10,060 or 39% to $36,140; and
- the smallest percentage increase was in management occupations, increasing 22% or $21,280 to $116,880.

The occupation with the highest median annual wage is management, at $116,880 in 2023. The occupation with the lowest median annual wage is cashiers, at $29,720 in 2023.

The number of workers paid at or below minimum wage decreased 74% over the past decade, as opposed to growth in total employment (12%) and total working age employment (10%). The federal minimum wage remained flat over the past decade, while the median annual wage increased 37%. After adjusting for inflation, the federal minimum wage decreased

24% over the decade, while the median annual wage increased 5%. As of January 1, 2023, the District of Columbia, Guam, Puerto Rico, US Virgin Islands, and 25 states had higher minimum wages than the federal minimum wage, up to the highest minimum wage of $17.00 per hour in the District of Columbia. Five additional states had minimum wages higher than the federal minimum wage but only applicable to certain populations, such as employers of four or more employees. Five states had no state level minimum wage.

## Employment profile (calendar year 2023)

We also analyze employment by FIUs and income cohorts. See *Part I. Item 1. Purpose and Function of Our Government / Customers / Cohorts of our population* of this report for a discussion of FIUs and income cohorts. An important thing to note when viewing the table below is that the income cohorts are based on average total Market Income, which equals the sum of average: wages and salaries, supplements to wages and salaries, self-employment income, interest income, rental income, S-Corporation income, dividend income, capital gains income, net retirement income, and other market income. Therefore, an FIU can be counted as unemployed in the table below but still have income.

| Family and Individual Unit Subgroup /Income % | Age 16 + Population (in K) | Employed (in K) | Not Participating (in K) | Unemployed (in K) | Employment-Population Ratio | Labor Force Participation Rate | Unemployment Rate | Avg. Hours Worked per Week per Unit | | % of Units with # of Primary Earners | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Primary Earners | All Earners | 0 Earners | 1 Earner | 2 Earners |
| **All family and individual units** | **272,209** | **161,466** | **103,963** | **6,779** | **59.3%** | **61.8%** | **4.0%** | **35.06** | **39.20** | **28%** | **49%** | **22%** |
| Bottom 5% ($0) | 6,027 | 373 | 5,417 | 237 | 6.2% | 10.1% | 38.8% | — | — | 100% | —% | —% |
| Bottom 5%-20% ($0-$12K) | 29,875 | 7,227 | 21,628 | 1,019 | 24.2% | 27.6% | 12.4% | 7.32 | 7.76 | 69% | 30% | 1% |
| Second 20% ($12K-$45K) | 46,423 | 21,995 | 23,009 | 1,419 | 47.4% | 50.4% | 6.1% | 22.16 | 24.50 | 36% | 61% | 4% |
| Middle 20% ($45K-$87K) | 50,826 | 31,462 | 18,040 | 1,324 | 61.9% | 64.5% | 4.0% | 34.68 | 38.69 | 18% | 72% | 10% |
| Fourth 20% ($87K-$160K) | 62,350 | 44,067 | 16,893 | 1,390 | 70.7% | 72.9% | 3.1% | 49.19 | 55.28 | 9% | 56% | 36% |
| Top 2%-20% ($160K-$1.01M) | 68,872 | 52,622 | 15,013 | 1,238 | 76.4% | 78.2% | 2.3% | 62.72 | 70.62 | 5% | 33% | 62% |
| Top 1% ($1.01M+) | 3,703 | 2,728 | 920 | 54 | 73.7% | 75.1% | 2.0% | 64.75 | 71.32 | 4% | 35% | 61% |
| **Married no kids** | **57,279** | **41,081** | **14,896** | **1,302** | **71.7%** | **74.0%** | **3.1%** | **60.71** | **67.21** | **8%** | **27%** | **65%** |
| Bottom 5% | 520 | 58 | 452 | 10 | nm | nm | nm | nm | nm | nm | nm | nm |
| Bottom 5%-20% | 1,899 | 461 | 1,385 | 53 | 24.3% | 27.1% | 10.4% | 14.59 | 15.40 | 58% | 35% | 8% |
| Second 20% | 3,133 | 1,679 | 1,334 | 120 | 53.6% | 57.4% | 6.7% | 37.75 | 41.60 | 16% | 52% | 32% |
| Middle 20% | 6,603 | 3,717 | 2,694 | 192 | 56.3% | 59.2% | 4.9% | 43.74 | 47.62 | 15% | 45% | 40% |
| Fourth 20% | 16,850 | 12,256 | 4,171 | 423 | 72.7% | 75.2% | 3.3% | 62.36 | 67.55 | 4% | 29% | 68% |
| Top 2%-20% | 26,226 | 21,542 | 4,207 | 478 | 82.1% | 84.0% | 2.2% | 72.56 | 81.66 | 2% | 17% | 81% |
| Top 1% | 1,498 | 1,193 | 292 | 13 | 79.6% | 80.5% | 1.1% | 71.21 | 78.63 | 1% | 25% | 75% |
| **Married parents** | **63,397** | **44,152** | **17,919** | **1,326** | **69.6%** | **71.7%** | **2.9%** | **65.33** | **69.82** | **2%** | **28%** | **70%** |
| Bottom 5% | 199 | 18 | 177 | 5 | nm | nm | nm | nm | nm | nm | nm | nm |
| Bottom 5%-20% | 1,321 | 513 | 766 | 42 | 38.8% | 42.0% | 7.6% | 23.95 | 25.09 | 34% | 52% | 15% |
| Second 20% | 3,542 | 1,848 | 1,589 | 105 | 52.2% | 55.1% | 5.4% | 43.62 | 46.93 | 3% | 63% | 34% |
| Middle 20% | 8,658 | 5,101 | 3,311 | 246 | 58.9% | 61.8% | 4.6% | 52.63 | 56.16 | 1% | 52% | 47% |
| Fourth 20% | 20,311 | 14,591 | 5,316 | 405 | 71.8% | 73.8% | 2.7% | 65.86 | 69.96 | —% | 28% | 72% |
| Top 2%-20% | 27,586 | 20,909 | 6,192 | 485 | 75.8% | 77.6% | 2.3% | 74.25 | 79.71 | —% | 16% | 84% |
| Top 1% | 1,436 | 1,020 | 384 | 32 | 71.0% | 73.2% | 3.0% | 76.45 | 81.19 | —% | 20% | 80% |
| **Single no kids** | **64,705** | **47,511** | **14,793** | **2,400** | **73.4%** | **77.1%** | **4.8%** | **30.28** | **33.88** | **19%** | **81%** | **—%** |
| Bottom 5% | 2,471 | 200 | 2,116 | 155 | 8.1% | 14.4% | 43.6% | — | — | 100% | —% | —% |
| Bottom 5%-20% | 10,215 | 4,288 | 5,339 | 588 | 42.0% | 47.7% | 12.1% | 11.32 | 11.69 | 52% | 48% | —% |
| Second 20% | 15,291 | 11,424 | 3,217 | 651 | 74.7% | 79.0% | 5.4% | 29.83 | 32.00 | 13% | 87% | —% |
| Middle 20% | 17,262 | 14,917 | 1,836 | 509 | 86.4% | 89.4% | 3.3% | 38.82 | 42.42 | 3% | 97% | —% |
| Fourth 20% | 12,411 | 10,961 | 1,141 | 308 | 88.3% | 90.8% | 2.7% | 41.05 | 48.11 | 2% | 98% | —% |
| Top 2%-20% | 5,864 | 5,222 | 497 | 145 | 89.0% | 91.5% | 2.7% | 41.52 | 51.81 | 2% | 98% | —% |
| Top 1% | 177 | 152 | 20 | 5 | nm | nm | nm | nm | nm | nm | nm | nm |
| **Single parents** | **20,821** | **11,991** | **7,833** | **997** | **57.6%** | **62.4%** | **7.7%** | **27.51** | **31.91** | **23%** | **77%** | **—%** |
| Bottom 5% | 839 | 69 | 712 | 59 | 8.2% | 15.2% | 45.8% | — | — | 100% | —% | —% |
| Bottom 5%-20% | 3,275 | 935 | 2,123 | 218 | 28.5% | 35.2% | 18.9% | 6.91 | 7.62 | 64% | 36% | —% |
| Second 20% | 6,125 | 3,787 | 1,990 | 348 | 61.8% | 67.5% | 8.4% | 31.53 | 34.50 | 6% | 94% | —% |
| Middle 20% | 5,609 | 3,854 | 1,551 | 204 | 68.7% | 72.3% | 5.0% | 38.36 | 44.11 | 2% | 98% | —% |
| Fourth 20% | 3,369 | 2,352 | 888 | 129 | 69.8% | 73.6% | 5.2% | 40.15 | 50.58 | 2% | 98% | —% |
| Top 2%-20% | 1,174 | 855 | 294 | 26 | 72.8% | 75.0% | 2.9% | 40.13 | 52.11 | 2% | 98% | —% |
| Top 1% | 31 | 22 | 9 | — | nm | nm | nm | nm | nm | nm | nm | nm |
| **Elderly (age 65+)** | **66,007** | **16,731** | **48,522** | **755** | **25.3%** | **26.5%** | **4.3%** | **10.47** | **13.62** | **71%** | **23%** | **6%** |
| Bottom 5% | 1,998 | 28 | 1,961 | 9 | 1.4% | 1.9% | 24.4% | — | — | 100% | —% | —% |
| Bottom 5%-20% | 13,164 | 1,031 | 12,016 | 118 | 7.8% | 8.7% | 10.3% | 2.01 | 2.38 | 90% | 9% | 1% |
| Second 20% | 18,332 | 3,258 | 14,880 | 194 | 17.8% | 18.8% | 5.6% | 6.01 | 8.04 | 78% | 20% | 3% |
| Middle 20% | 12,694 | 3,873 | 8,648 | 173 | 30.5% | 31.9% | 4.3% | 12.58 | 16.90 | 62% | 32% | 6% |
| Fourth 20% | 9,409 | 3,907 | 5,376 | 126 | 41.5% | 42.9% | 3.1% | 21.45 | 28.60 | 47% | 41% | 12% |
| Top 2%-20% | 8,021 | 4,095 | 3,823 | 104 | 51.0% | 52.3% | 2.5% | 31.57 | 39.48 | 33% | 42% | 24% |
| Top 1% | 561 | 341 | 216 | 4 | 60.8% | 61.5% | 1.2% | 40.82 | 49.93 | 22% | 48% | 30% |

[nm] *An "nm" reference in the table means the figure is not meaningful due to small sample size.*

In 2023, of the 272.2 million FIUs age 16 and older:

- 161.5 million FIUs or 59.3% of FIUs were employed (including the self-employed);
- 104.0 million FIUs or 38.2% were not participating in the workforce (neither employed nor actively looking for work); and
- 6.8 million FIUs or 2.5% were unemployed (not employed and had been actively looking for a job for the prior four weeks). The 4.0% unemployment rate shown in the cohort table above is different from this rate, as the rate in the table above represents the unemployed divided by the labor force (those employed and unemployed, excluding those not participating) rather than being divided by all FIUs age 16 and older.

### Employed

By family type

Of the 161.5 million FIUs that were employed in 2023, non-elderly families without children had the highest employment rates. By family type:

- 41.1 million FIUs or 72% of the married without kids FIUs were employed;
- 44.2 million FIUs or 70% of the married parent FIUs were employed;
- 47.5 million FIUs or 73% of the single without kids FIUs were employed;
- 12.0 million FIUs or 58% of the single parent FIUs were employed; and
- 16.7 million FIUs or 25% of the elderly FIUs were employed.

By income cohort and disability status

Generally, the percentage of FIUs employed increases as we move up the income cohorts; the employment rate climbs from 6.2% in the lowest 5% income cohort until it reaches 76.4% in the second highest income cohort and then decreases to 73.7% in the top 1% cohort. Of the working age population that was employed in 2023, 4% had a disability.

### Not participating (not working, not looking)

By family type

Of the 104.0 million FIUs that were not participating in the workforce in 2023, a plurality (48.5 million FIUs or 47%) were elderly (age 65 and older). The remainder was, by family type:

- 14.9 million married without kids FIUs (26% of their family type) or 14% of the FIUs aged 16 and older that were not participating;
- 17.9 million married parent FIUs (28% of their family type) or 17% of those not participating;
- 14.8 million single without kids FIUs (23% of their family type) or 14% of those not participating; and
- 7.8 million single parent FIUs (38% of their family type) or 8% of those not participating.

By income cohort and disability status

Generally, the rates of FIUs not participating in the labor force decrease as we move up the income cohorts; the rate of those not participating decreases from 89.9% in the lowest 5% income cohort until it reaches 21.8% in the second highest income cohort and then increases to 24.9% in the top 1% cohort. Of the working age population that was not participating in 2023, 19% had a disability.

### Unemployed (not working, actively looking)

By family type

More than a third of the 6.8 million FIUs who were unemployed were single without kids, while the elderly comprised the fewest number of FIUs unemployed. By family type:

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

- 1.3 million or 20% were married parents;
- 2.4 million or 35% were single without kids;
- 1.0 million or 15% were single parents; and
- 0.8 million or 11% were elderly.

By income cohort and disability status

Generally, the rate of FIUs unemployed decreases as we move up the income cohorts; the unemployment rate (the percentage of the FIUs age 16 and older that are unemployed) decreases from 3.9% for the lowest 5% income cohort until it reaches 1.5% for the top 1% cohort. Of the working age population that was unemployed in 2023, 9% had a disability.

### Workweek

In 2023, the workweek averaged 39.2 hours for all FIUs. The number of hours in a workweek rises with incomes, ranging from zero for the bottom 5% income cohort to 71.3 hours among the top 1% income cohort. There may be multiple people in an FIU who work, so this is not the number of hours worked by each individual.

## Transportation infrastructure

| Fiscal year, except as otherwise noted<br>(In thousands, except percentages and otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Percentage of roads in unsatisfactory condition by type (calendar year):** | | | | | | | |
| Interstates[1] | 3% | 3% | 3% | 3% | —ppt | —ppt | —ppt |
| Other freeways and expressways | 7% | 7% | 7% | 8% | —ppt | —ppt | (1)ppt |
| Other principal arterials | 12% | 12% | 14% | 13% | —ppt | (2)ppt | (1)ppt |
| Minor arterials | 16% | na | 19% | 18% | na | (3)ppt | (2)ppt |
| Major collectors | 20% | 22% | 20% | 20% | (2)ppt | —ppt | —ppt |
| Collectors | 50% | 51% | 48% | 53% | (1)ppt | 2ppt | (3)ppt |
| Percentage of highway bridges in poor condition[2] | 7% | 7% | 8% | 9% | —ppt | (1)ppt | (2)ppt |
| Hours of delay per year per urban highway commuter[3] | 61 | 54 | 54 | 48 | 13% | 13% | 27% |
| Fuel wasted due to urban commuter delays (million gallons)[3] | 5.4 | 6.7 | 7.1 | 6.5 | (20)% | (24)% | (17)% |
| **Passenger trains** | | | | | | | |
| Number of Amtrak passengers (in millions) | 28.6 | 22.9 | 31.7 | 30.9 | 25% | (10)% | (7)% |
| Amtrak hours of delay, due to: | 94 | 86 | 96 | 79 | 9% | (2)% | 19% |
| Host railroad issue (e.g. freight train interference) | 54 | 51 | 55 | 45 | 6% | (2)% | 20% |
| Amtrak issue (e.g. equipment failure, passenger handling, holding) | 22 | 20 | 27 | 22 | 10% | (19)% | —% |
| Other (e.g. weather, customs and immigration, law enforcement) | 18 | 15 | 14 | 12 | 20% | 29% | 50% |
| Average age of Amtrak locomotives (diesel and electric) (years) | 18.4 | 19.2 | 19.9 | 21.9 | (4)% | (8)% | (16)% |
| Average age of Amtrak car fleets (railcar and trainset fleets) (years) | 33.3 | 34.3 | 31.3 | 28.6 | (3)% | 6% | 16% |

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

*1. Unsatisfactory condition means an International Roughness Index value greater than 170, as used by the National Cooperative Highway Research Program. These percentages were derived from https://www.bts.gov/topics/national-transportation-statistics.*

*2. Poor condition means a bridge that has a condition rating of 4 or less for the deck, superstructures, substructures, or culvert, as defined by the Federal Highway Administration (https://www.fhwa.dot.gov/bridge/britab.cfm).*

*3. Data is based on an analysis by Texas A&M Transportation Institute, Mobility Division and reported by the Bureau of Transportation Statistics (a 494 urban area average).*

### Roads

The condition of all types of roads for which we have data improved, except for interstates and major collectors which remained flat, when comparing 2023 to 2013. As of 2023, the roads in the worst condition, at 50% unsatisfactory, are the collectors. The percentage of highway bridges in poor condition was 7% in 2023, a decrease of 2 percentage points when compared to 2013.

Road congestion in urban areas is one of the major causes of commuter delays. Hours of delay per year per urban highway commuter increased 27% or 13 hours when comparing 2023 to 2013. All metro areas reported increases over the

past decade, except: Albany, NY; Anchorage, AK; Beaumont, TX; Brownsville, TX; Buffalo, NY; Corpus Christi, TX; El Paso, TX; McAllen, TX; Pensacola, FL; Springfield, MA; Washington, DC; and Worcester, MA. The areas that reported the greatest increase in hours of delay were San Francisco, CA and Miami, FL, at an increase of 35 hours and 32 hours, respectively. The year 2020 marks the only year with a decline in total hours of delay since 1990 (the earliest year for which we have data). According to the US Department of Transportation, COVID-19 caused immediate dramatic declines in long-distance and local passenger travel. The daily average number of Americans staying at home, normally between 58 and 68 million in 2019, jumped to 94.5 million in March 2020 and peaked at over 100 million during the 2020 holiday season.[80] Fuel wasted due to urban commuter delays had similar results, decreasing in 2020 (the latest year for which we have detailed data) across most major cities and for the first time in total since 2009. Fuel wasted due to urban commuter delays declined 17% from 2013 to 2023.

### Passenger trains[81]

The number of Amtrak passengers sharply declined in 2020 and 2021 due to travel restrictions and social distancing measures imposed to reduce the spread of COVID-19. The number of passengers decreased by 2 million or 7% for the decade but increased 6 million or 25% from 2022 to 2023.

During the past decade, causes of delays increased (except for Amtrak issues), with “other” causes and host railroad issues increasing 50% and 20%, respectively, while Amtrak issues remained flat. Amtrak owns its trains, however, approximately 71% of the miles traveled by Amtrak trains are on tracks owned by other railroads known as “host railroads.” Host railroads range from large, publicly traded companies based in the US or Canada, to state and local government agencies and small businesses. The leading cause of delay to Amtrak trains on host railroads is freight train interference, which is typically caused by a freight railroad requiring an Amtrak train to wait so that its freight trains can operate first.

The average age of Amtrak car fleets increased over the past decade, while the average age of locomotives decreased. Amtrak operates a fleet of predominantly custom-built equipment, a significant portion of which is at or nearing the end of its useful service life. Amtrak’s railcar fleet is averaging approximately 33 years of age, and its diesel locomotives approximately 18 years of age, both nearly at or beyond Amtrak’s estimated useful commercial life of 30 years for railcars and 20-25 years for locomotives. The estimated commercial useful life is the life before key factors affecting a locomotive or car fleet become significant. As of the end of fiscal year 2021, Amtrak operated an active equipment fleet of 286 locomotives, 1,335 railcars, and 20 high-speed trainsets, plus 244 locomotives and railcars owned by its state partners. Amtrak has placed base orders for at least 101 new trainsets and 125 diesel locomotives, all to be manufactured in the US. These orders include options for up to 140 additional intercity trainsets and up to 50 additional diesel locomotives. Amtrak intends to complete its re-fleeting with a procurement for new long-distance railcars, to be placed by 2027.

## Standard of living and aid to the disadvantaged

The standard of living and aid to the disadvantaged reporting unit seeks to maintain a minimum standard of living for all Americans and reduce levels of poverty among the US population, including children, by providing for their basic needs including welfare, free and subsidized school lunches, and child healthcare.

### Poverty

| | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Rate of poverty of all persons - Official Poverty Measure (OPM)[1] | 11% | 12% | 12% | 15% | (1)ppt | (1)ppt | (4)ppt |
| Rate of poverty of all persons - Supplemental Poverty Measure (SPM)[1] | 13% | 12% | 13% | 16% | 1ppt | —ppt | (3)ppt |

1. *The poverty rate is calculated by the Census based on income for the calendar year shown, for the population as of March of the following year. For example, the 2018 poverty rate is for the population living in March of 2019 that would be considered in poverty based on calendar year 2018 income.*

There are two primary government poverty measures, the OPM and the SPM, which began in 2010. The key differences are that the SPM uses a different definition of income and a different poverty threshold. The OPM income or resource measure is pre-tax cash income, while the SPM income or resource measure is cash income plus in-kind government

benefits (such as food stamps and housing subsidies) minus nondiscretionary expenditures (e.g. taxes and work expenses). The OPM poverty thresholds are based on the cost of food multiplied by 3 to allow for expenditures on other goods and services, adjusted for changes in prices, while the SPM thresholds are based on a broad measure of necessary expenditures (food, clothing, shelter, and utilities) and are based on recent, annually updated expenditure data, adjusted for geographic differences in the cost of living. OPM and SPM may produce different pictures of who is counted as poor.

We discuss and show the details of both poverty measures below. Note that the rates in the table above are per individual, while the tables below are per FIU, consistent with our other cohort tables.

## Poverty profile using Official Poverty Measure (calendar year 2023)

| | | Average Per Unit | | | Top Earner Gender | | Race, Ethnicity of Unit Head (all ethnicities) | | | | | | | Region | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Family and Individual Unit Subgroup/% of Poverty Threshold | # of Units *(in K)* | Persons | Children *(Under 18)* | Age of Unit Head | % Male | % Female | % White | % Black | % Asian | % Other Race | % Hispanic (all races) | % US-Born | % Urban | % Rural | % NE | % MW | % S | % W |
| **All Families** | **154,430** | **2.2** | **0.5** | **50.8** | **56%** | **44%** | **78%** | **14%** | **6%** | **2%** | **16%** | **83%** | **83%** | **17%** | **17%** | **21%** | **39%** | **23%** |
| <100% of poverty threshold | 19,993 | 1.8 | 0.6 | 48.3 | 43% | 57% | 70% | 22% | 6% | 3% | 24% | 77% | 79% | 21% | 16% | 19% | 42% | 23% |
| 100%-200% | 25,729 | 2.0 | 0.6 | 51.3 | 47% | 53% | 75% | 18% | 5% | 3% | 23% | 78% | 78% | 22% | 16% | 21% | 42% | 22% |
| 200%-300% | 23,376 | 2.1 | 0.5 | 50.6 | 54% | 46% | 77% | 16% | 5% | 2% | 19% | 81% | 80% | 20% | 15% | 22% | 41% | 22% |
| 300%-400% | 20,939 | 2.2 | 0.5 | 50.0 | 58% | 42% | 79% | 14% | 5% | 2% | 17% | 85% | 82% | 18% | 16% | 23% | 39% | 22% |
| 400%+ | 64,394 | 2.3 | 0.4 | 51.5 | 63% | 37% | 81% | 9% | 8% | 1% | 10% | 86% | 86% | 14% | 19% | 21% | 35% | 25% |
| **Single No Kids** | **53,544** | **1.2** | **—** | **40.3** | **52%** | **48%** | **74%** | **17%** | **6%** | **2%** | **18%** | **84%** | **84%** | **16%** | **17%** | **21%** | **37%** | **24%** |
| <100% of poverty threshold | 9,605 | 1.1 | — | 40.4 | 48% | 52% | 71% | 20% | 6% | 3% | 21% | 81% | 80% | 20% | 15% | 20% | 40% | 25% |
| 100%-200% | 8,992 | 1.2 | — | 39.8 | 48% | 52% | 73% | 19% | 5% | 3% | 23% | 81% | 79% | 21% | 16% | 22% | 40% | 22% |
| 200%-300% | 8,599 | 1.3 | — | 38.6 | 49% | 51% | 73% | 20% | 5% | 2% | 20% | 83% | 83% | 17% | 15% | 23% | 40% | 22% |
| 300%-400% | 8,284 | 1.3 | — | 39.2 | 55% | 45% | 75% | 18% | 5% | 3% | 19% | 87% | 85% | 15% | 16% | 23% | 38% | 23% |
| 400%+ | 18,063 | 1.2 | — | 41.7 | 57% | 43% | 77% | 13% | 8% | 2% | 13% | 87% | 89% | 11% | 20% | 20% | 33% | 26% |
| **Single Parents** | **13,394** | **2.9** | **1.7** | **36.5** | **27%** | **73%** | **66%** | **27%** | **3%** | **3%** | **27%** | **81%** | **82%** | **18%** | **15%** | **21%** | **42%** | **22%** |
| <100% of poverty threshold | 3,546 | 3.2 | 2.1 | 35.0 | 17% | 83% | 62% | 31% | 3% | 4% | 32% | 76% | 80% | 20% | 15% | 20% | 43% | 22% |
| 100%-200% | 3,678 | 3.0 | 1.8 | 35.8 | 24% | 76% | 65% | 29% | 3% | 4% | 30% | 80% | 80% | 20% | 16% | 21% | 44% | 20% |
| 200%-300% | 2,463 | 2.8 | 1.5 | 37.4 | 31% | 69% | 68% | 27% | 3% | 3% | 26% | 81% | 82% | 18% | 14% | 21% | 44% | 20% |
| 300%-400% | 1,460 | 2.8 | 1.5 | 37.1 | 34% | 66% | 69% | 24% | 5% | 3% | 24% | 84% | 82% | 18% | 12% | 23% | 43% | 22% |
| 400%+ | 2,248 | 2.6 | 1.4 | 38.3 | 40% | 60% | 73% | 20% | 5% | 3% | 17% | 87% | 88% | 12% | 16% | 21% | 35% | 28% |
| **Married No Kids** | **23,597** | **2.4** | **—** | **50.3** | **69%** | **31%** | **82%** | **9%** | **8%** | **2%** | **16%** | **80%** | **83%** | **17%** | **17%** | **20%** | **40%** | **23%** |
| <100% of poverty threshold | 822 | 2.3 | — | 51.6 | 64% | 36% | 77% | 14% | 6% | 4% | 30% | 67% | 79% | 21% | 15% | 14% | 43% | 29% |
| 100%-200% | 1,569 | 2.4 | — | 51.9 | 67% | 33% | 78% | 11% | 8% | 3% | 29% | 64% | 76% | 24% | 14% | 13% | 45% | 28% |
| 200%-300% | 2,162 | 2.5 | — | 50.6 | 68% | 32% | 80% | 11% | 7% | 2% | 27% | 70% | 80% | 20% | 16% | 15% | 46% | 23% |
| 300%-400% | 2,513 | 2.5 | — | 50.2 | 67% | 33% | 80% | 11% | 7% | 2% | 21% | 74% | 80% | 20% | 17% | 19% | 42% | 22% |
| 400%+ | 16,532 | 2.4 | — | 50.0 | 70% | 30% | 83% | 8% | 8% | 1% | 11% | 85% | 85% | 15% | 17% | 22% | 39% | 23% |
| **Married Parents** | **24,117** | **4.3** | **2.0** | **41.0** | **74%** | **26%** | **79%** | **9%** | **9%** | **2%** | **20%** | **75%** | **84%** | **16%** | **16%** | **22%** | **38%** | **24%** |
| <100% of poverty threshold | 1,316 | 4.9 | 2.6 | 39.4 | 71% | 29% | 77% | 10% | 9% | 3% | 42% | 50% | 81% | 19% | 12% | 18% | 47% | 22% |
| 100%-200% | 3,123 | 4.7 | 2.4 | 39.1 | 78% | 22% | 77% | 12% | 8% | 4% | 40% | 56% | 83% | 17% | 15% | 18% | 43% | 25% |
| 200%-300% | 3,513 | 4.5 | 2.2 | 39.4 | 79% | 21% | 80% | 12% | 6% | 2% | 29% | 71% | 80% | 20% | 12% | 20% | 44% | 25% |
| 300%-400% | 3,456 | 4.4 | 2.1 | 40.0 | 78% | 22% | 81% | 9% | 8% | 2% | 19% | 81% | 80% | 20% | 14% | 26% | 38% | 23% |
| 400%+ | 12,709 | 4.1 | 1.8 | 42.3 | 71% | 29% | 80% | 8% | 11% | 1% | 10% | 82% | 88% | 12% | 19% | 22% | 35% | 24% |
| **Elderly (65+)** | **39,779** | **1.7** | **—** | **72.8** | **51%** | **49%** | **83%** | **11%** | **4%** | **1%** | **9%** | **87%** | **79%** | **21%** | **18%** | **22%** | **38%** | **22%** |
| <100% of poverty threshold | 4,704 | 1.4 | 0.1 | 73.6 | 40% | 60% | 71% | 22% | 5% | 2% | 16% | 80% | 78% | 22% | 19% | 17% | 44% | 21% |
| 100%-200% | 8,368 | 1.5 | 0.1 | 74.1 | 41% | 59% | 80% | 15% | 4% | 2% | 11% | 86% | 75% | 25% | 17% | 22% | 41% | 20% |
| 200%-300% | 6,638 | 1.7 | — | 73.4 | 49% | 51% | 84% | 11% | 4% | 2% | 9% | 89% | 76% | 24% | 17% | 22% | 40% | 21% |
| 300%-400% | 5,227 | 1.8 | — | 72.8 | 53% | 47% | 87% | 8% | 3% | 1% | 8% | 90% | 79% | 21% | 18% | 24% | 38% | 20% |
| 400%+ | 14,842 | 1.9 | — | 71.8 | 60% | 40% | 87% | 7% | 5% | 1% | 5% | 89% | 83% | 17% | 19% | 21% | 35% | 24% |

[1] *Poverty as defined by the OPM, officially used by the Census Bureau since 1963. Varies by family size, composition, and age of householder. Poverty line set as equal to three times the cost of a minimum diet in 1963 (adjusted for inflation). Uses gross income before tax as resource measure.*

Over the past decade, the average poverty rate of our population (using the OPM) decreased. Demographically, in 2023:

- *Geographic region* - the region with the highest poverty rate remained the South, with 42% of all FIUs below the poverty line.
- *Race and ethnicity* -
  - white people accounted for the largest portion of FIUs in poverty, with 70% of heads of FIUs below the poverty line in 2023, while they represented an even greater portion of heads of all FIUs (78%).

- Black people were disproportionately represented among the poor, comprising 14% of heads of all FIUs, while representing 22% of heads of FIUs below the poverty line in 2023.
- Hispanic people (included within each applicable race as well) were also disproportionately represented among the poor, comprising 16% of the heads of all FIUs, while representing 24% of heads of FIUs below the poverty line in 2023.

- *Gender* - families where women were the primary earners accounted for 44% of all FIUs in 2023 but 57% of the poor. This disparity was true for all family types, however, in particular, women disproportionately supported elderly poor families, where they were head-of-household for 49% of all elderly FIUs but 60% of the elderly poor FIUs.
- *Family type* - in 2023, by family type, the largest number of people in poverty were single people without kids, comprising 35% of the heads of all FIUs, while representing 48% of heads of FIUs below the poverty line. Single parents had the highest poverty rate, 26%, and were also disproportionately represented among the poor (18% of the poor while 9% of all FIUs). All family types other than these two were under-represented among the poor (i.e. they comprised a smaller portion of the poor than they did of all FIUs).

## Poverty profile using Supplemental Poverty Measure (calendar year 2023)

| | | Average Per Unit | | | Top Earner Gender | | Race, Ethnicity of Unit Head (all ethnicities) | | | | | | | | Region | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Family and Individual Unit Subgroup/% of Poverty Threshold | # of Units *(in K)* | Persons | Children *(Under 18)* | Age of Unit Head | % Male | % Female | % White | % Black | % Asian | % Other Race | % Hispanic (all races) | % US-Born | % Urban | % Rural | % NE | % MW | % S | % W |
| **All Families** | **154,430** | **2.2** | **0.5** | **50.8** | **56%** | **44%** | **78%** | **14%** | **6%** | **2%** | **16%** | **83%** | **83%** | **17%** | **17%** | **21%** | **39%** | **23%** |
| <100% of poverty threshold | 22,676 | 1.9 | 0.4 | 50.5 | 48% | 52% | 71% | 19% | 7% | 3% | 26% | 72% | 83% | 17% | 16% | 17% | 40% | 27% |
| 100%-200% | 42,132 | 2.2 | 0.6 | 50.0 | 50% | 50% | 73% | 19% | 5% | 3% | 23% | 78% | 82% | 18% | 17% | 19% | 40% | 24% |
| 200%-300% | 32,935 | 2.2 | 0.5 | 49.6 | 58% | 42% | 79% | 13% | 6% | 2% | 15% | 86% | 82% | 18% | 17% | 22% | 38% | 23% |
| 300%-400% | 21,447 | 2.2 | 0.4 | 50.7 | 60% | 40% | 83% | 10% | 6% | 2% | 10% | 88% | 81% | 19% | 17% | 24% | 38% | 21% |
| 400%+ | 35,242 | 2.1 | 0.3 | 52.7 | 63% | 37% | 84% | 8% | 8% | 1% | 8% | 89% | 84% | 16% | 18% | 24% | 36% | 22% |
| **Single No Kids** | **53,544** | **1.2** | **—** | **40.3** | **52%** | **48%** | **74%** | **17%** | **6%** | **2%** | **18%** | **84%** | **84%** | **16%** | **17%** | **21%** | **37%** | **24%** |
| <100% of poverty threshold | 9,857 | 1.2 | — | 39.9 | 53% | 47% | 70% | 20% | 7% | 3% | 24% | 75% | 83% | 17% | 16% | 18% | 39% | 27% |
| 100%-200% | 14,363 | 1.3 | — | 40.2 | 49% | 51% | 70% | 22% | 5% | 3% | 23% | 81% | 84% | 16% | 17% | 20% | 39% | 24% |
| 200%-300% | 11,809 | 1.2 | — | 39.3 | 53% | 47% | 75% | 17% | 5% | 2% | 17% | 87% | 85% | 15% | 18% | 22% | 38% | 22% |
| 300%-400% | 7,416 | 1.2 | — | 40.2 | 54% | 46% | 78% | 14% | 6% | 2% | 13% | 90% | 82% | 18% | 17% | 24% | 37% | 22% |
| 400%+ | 10,099 | 1.1 | — | 41.9 | 56% | 44% | 79% | 11% | 9% | 1% | 10% | 89% | 87% | 13% | 20% | 23% | 33% | 24% |
| **Single Parents** | **13,394** | **2.9** | **1.7** | **36.5** | **27%** | **73%** | **66%** | **27%** | **3%** | **3%** | **27%** | **81%** | **82%** | **18%** | **15%** | **21%** | **42%** | **22%** |
| <100% of poverty threshold | 3,079 | 3.1 | 1.9 | 35.2 | 20% | 80% | 64% | 29% | 3% | 4% | 36% | 71% | 84% | 16% | 15% | 17% | 44% | 24% |
| 100%-200% | 5,963 | 3.0 | 1.8 | 36.1 | 25% | 75% | 63% | 30% | 3% | 4% | 29% | 80% | 82% | 18% | 16% | 20% | 43% | 21% |
| 200%-300% | 2,636 | 2.8 | 1.6 | 37.7 | 32% | 68% | 71% | 23% | 3% | 2% | 20% | 87% | 80% | 20% | 12% | 24% | 41% | 23% |
| 300%-400% | 915 | 2.6 | 1.5 | 36.7 | 38% | 62% | 79% | 15% | 3% | 3% | 15% | 91% | 78% | 22% | 15% | 24% | 42% | 19% |
| 400%+ | 801 | 2.6 | 1.5 | 39.4 | 42% | 58% | 77% | 18% | 4% | 2% | 13% | 90% | 86% | 14% | 15% | 24% | 36% | 25% |
| **Married No Kids** | **23,597** | **2.4** | **—** | **50.3** | **69%** | **31%** | **82%** | **9%** | **8%** | **2%** | **16%** | **80%** | **83%** | **17%** | **17%** | **20%** | **40%** | **23%** |
| <100% of poverty threshold | 1,656 | 2.5 | — | 51.4 | 66% | 34% | 75% | 12% | 10% | 3% | 31% | 59% | 83% | 17% | 14% | 13% | 40% | 33% |
| 100%-200% | 3,580 | 2.6 | — | 50.8 | 68% | 32% | 77% | 12% | 8% | 3% | 29% | 64% | 84% | 16% | 18% | 13% | 41% | 27% |
| 200%-300% | 4,633 | 2.6 | — | 49.6 | 69% | 31% | 79% | 12% | 8% | 1% | 19% | 79% | 84% | 16% | 16% | 18% | 42% | 24% |
| 300%-400% | 3,938 | 2.5 | — | 50.0 | 70% | 30% | 84% | 8% | 7% | 2% | 12% | 86% | 81% | 19% | 17% | 22% | 40% | 22% |
| 400%+ | 9,790 | 2.3 | — | 50.3 | 69% | 31% | 85% | 6% | 8% | 1% | 8% | 88% | 82% | 18% | 17% | 23% | 40% | 20% |
| **Married Parents** | **24,117** | **4.3** | **2.0** | **41.0** | **74%** | **26%** | **79%** | **9%** | **9%** | **2%** | **20%** | **75%** | **84%** | **16%** | **16%** | **22%** | **38%** | **24%** |
| <100% of poverty threshold | 1,771 | 4.6 | 2.2 | 40.4 | 72% | 28% | 76% | 9% | 12% | 3% | 43% | 45% | 88% | 12% | 15% | 15% | 40% | 30% |
| 100%-200% | 6,509 | 4.5 | 2.2 | 39.2 | 78% | 22% | 78% | 12% | 7% | 3% | 34% | 65% | 85% | 15% | 15% | 17% | 42% | 26% |
| 200%-300% | 6,080 | 4.3 | 2.0 | 40.5 | 76% | 24% | 80% | 9% | 9% | 2% | 16% | 82% | 83% | 17% | 15% | 23% | 38% | 23% |
| 300%-400% | 4,032 | 4.1 | 1.8 | 41.7 | 73% | 27% | 83% | 8% | 8% | 1% | 10% | 84% | 81% | 19% | 17% | 26% | 36% | 22% |
| 400%+ | 5,724 | 4.0 | 1.8 | 43.1 | 69% | 31% | 79% | 7% | 12% | 1% | 8% | 84% | 87% | 13% | 19% | 24% | 35% | 23% |
| **Elderly (65+)** | **39,779** | **1.7** | **—** | **72.8** | **51%** | **49%** | **83%** | **11%** | **4%** | **1%** | **9%** | **87%** | **79%** | **21%** | **18%** | **22%** | **38%** | **22%** |
| <100% of poverty threshold | 6,313 | 1.6 | 0.1 | 73.5 | 42% | 58% | 74% | 19% | 6% | 2% | 17% | 79% | 82% | 18% | 18% | 16% | 41% | 25% |
| 100%-200% | 11,717 | 1.6 | — | 73.4 | 45% | 55% | 79% | 14% | 5% | 2% | 11% | 85% | 78% | 22% | 18% | 21% | 39% | 22% |
| 200%-300% | 7,777 | 1.8 | — | 72.8 | 52% | 48% | 86% | 9% | 4% | 1% | 7% | 90% | 78% | 22% | 19% | 23% | 36% | 23% |
| 300%-400% | 5,145 | 1.8 | — | 72.5 | 55% | 45% | 88% | 7% | 3% | 1% | 5% | 92% | 78% | 22% | 18% | 24% | 37% | 20% |
| 400%+ | 8,828 | 1.8 | — | 71.8 | 63% | 37% | 90% | 5% | 4% | 1% | 4% | 92% | 80% | 20% | 18% | 24% | 38% | 20% |

† *Poverty threshold as defined by the SPM from the Census Bureau. The SPM extends the OPM by taking account of many of our Government programs designed to assist low-income families and individuals that are not included in the current OPM. It uses different methodologies for household size and adjusts for cost of living differences across geographies.*

Using SPM, the average poverty rate of our population declined throughout the decade. Demographically, in 2023:

- *Geographic region* - the region with the highest poverty rate remained the South, with 40% of all FIUs below the poverty line.
- *Race and ethnicity* - white people accounted for the largest portion of FIUs in poverty, with 71% of heads of FIUs below the poverty line in 2023, while they represented an even greater portion of heads of all FIUs (78%). Black, Hispanic, Asian, and other non-white people were disproportionately represented among the poor, comprising 14%, 16%, 6%, and 2%, respectively, of heads of all FIUs, while representing 19%, 26%, 7%, and 3%, respectively, of heads of FIUs below the poverty line in 2023.
- *Gender* - families where women were the primary earners accounted for 44% of all FIUs in 2023 but 52% of the poor. This disparity was true for all family types, except single people without kids, but in particular, women disproportionately supported poor families in elderly households, where the ratio of female head-of-household to households below the poverty line were 49% as compared to 58%.
- *Family type* - in 2023, by family type, the largest number of people in poverty were single people without kids. Single parents had the highest poverty rate, 23%, and were disproportionately represented among the poor (14% of the poor while 9% of all FIUs). The elderly had a 16% poverty rate and were also disproportionately represented among the poor, representing 28% of the poor and 26% of all FIUs. Single people without kids had an 18% poverty rate and were also disproportionately represented among the poor, representing 43% of the poor and 35% of all FIUs. Married families with children and married with no children were under-represented among the poor (i.e., they comprised a smaller portion of the poor than they did of all FIUs).

## Subsidized housing

| Calendar year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| People in subsidized housing (in thousands) | 9,046 | 9,027 | 9,535 | 10,077 | —% | (5)% | (10)% |
| *People in subsidized housing per 100,000 people* | *2,686* | *2,703* | *2,902* | *3,182* | *(1)%* | *(7)%* | *(16)%* |

The number of people in subsidized housing decreased over the past decade. Demographically:

- *Gender* - over the past decade, 74% to 77% of HUD subsidized households were headed by a woman, and 30% to 36% were headed by a woman with a child in the household.
- *Family type* - over the past decade, 30% to 35% of HUD subsidized households had only one adult with children, while the number of households with two or more adults with children ranged from 3% to 4%.
- *Race* - households where the head-of-household is Black comprised 42% of the subsidized households in 2023, while households headed by a white person followed at 34%. Comparing 2013 and 2023, the Black and the white head-of-household percentages each decreased 2 percentage points.
- *Age* - households where the head-of-household is age 25 to 50 comprised 38% of the subsidized households in 2023, down from 44% in 2013, while households headed by a person over 62 years old comprised 41% of the subsidized households in 2023, up from 33% in 2013.

### Consumption

| Calendar year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Total household cash expenditures (consumption) (in billions) | $ 17,685 | $ 16,513 | $ 13,187 | $ 10,707 | 7% | 34% | 65% |
| *Cash expenditures per household* | *$ 134,554* | *$ 125,859* | *$ 103,358* | *$ 87,433* | *7%* | *30%* | *54%* |
| *Cash expenditures per household adjusted for inflation* | *$ 134,554* | *$ 131,040* | *$ 125,418* | *$ 114,360* | *3%* | *7%* | *18%* |

One measure of standard of living may be household consumption. The growth rate of total household cash expenditures exceeded inflation over the past decade. In 2023, our largest shares of household cash expenditures were for health (23% of our expenditures), housing (18%), food (12%), and transportation (11%). The largest dollar increases in aggregate household expenditures over the last decade were in healthcare (growth of $1.6 trillion or 66%), housing ($1.2 trillion or 57%), food both in and out of the home ($943 billion or 76%), and transportation ($748 billion or 62%).

As a comparison, medical care inflation was 29%, food inflation was 35%, overall inflation was 31%, population growth was 6%, and the median annual wage grew 37% over the past decade.

## Health

The health reporting unit seeks to maintain good public health in America, by incentivizing healthy behavior and managing the public healthcare delivery system.

### Health conditions

| Calendar year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Percent of adults with:[1] | | | | | | | |
| Asthma[2] | 9% | 9% | 10% | 9% | —ppt | (1)ppt | —ppt |
| Diabetes[3] | 10% | 10% | 10% | 9% | —ppt | —ppt | 1ppt |
| Heavy drinker[4] | 6% | 7% | 7% | 6% | (1)ppt | (1)ppt | —ppt |
| Smoker[5] | 11% | 12% | 14% | 18% | (1)ppt | (3)ppt | (7)ppt |
| Exercise 1x/mo+[6] | 76% | 77% | 76% | 75% | (1)ppt | —ppt | 1ppt |
| Obese[7] | 34% | 33% | 34% | 31% | 1ppt | —ppt | 3ppt |
| Overweight[8] | na | 33% | 33% | 33% | na | na | na |
| Depression[9] | 22% | 22% | 20% | 19% | —ppt | 2ppt | 3ppt |

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

1. *Data represents the median crude prevalence of conditions across all states and the District of Columbia.*
2. *Individuals who are currently diagnosed with asthma by a medical professional.*
3. *Individuals who have ever been told by a medical professional that they have diabetes.*
4. *Males having 14+ drinks per week, females having 7+ drinks per week.*
5. *Individuals who smoke cigarettes every day or some days.*
6. *Individuals who in the past month have participated in any physical activities or exercises such as running, calisthenics, golf, gardening, or walking for exercise outside of regular job.*
7. *Individuals with a body mass index (BMI) greater than 29.9.*
8. *Individuals with a BMI between 25.0 and 29.9.*
9. *Individuals who have a depressive disorder, as determined by a medical professional.*

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

## Health profile (calendar year 2023)

| Family and Individual Unit Subgroup/Income % | Percent of adults who have health condition | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | % Asthma[1] | % Diabetes[1] | % Heavy Drinker[1] | % Smoker[1] | % Exercise 1x / mo+[1] | % Obese[1] | % Overweight[1] | % Depression[1] |
| **All Families** | **14.7%** | **11.0%** | **6.1%** | **9.7%** | **78.4%** | **31.9%** | **35.0%** | **19.0%** |
| Bottom 20% ($0-$12K) | 16.9% | 17.6% | 4.9% | 15.5% | 65.4% | 33.7% | 32.2% | 23.9% |
| Second 20% ($12K-$45K) | 15.1% | 14.7% | 5.2% | 12.2% | 71.4% | 33.7% | 34.2% | 21.4% |
| Middle 20% ($45K-$87K) | 14.7% | 11.0% | 6.0% | 10.7% | 77.4% | 33.9% | 34.9% | 19.9% |
| Fourth 20% ($87K-$160K) | 14.3% | 8.7% | 6.4% | 8.3% | 82.4% | 32.7% | 35.3% | 17.7% |
| Top 20% ($160K+) | 13.6% | 6.9% | 7.2% | 5.6% | 87.4% | 27.8% | 36.7% | 15.3% |
| **Married No Kids** | **14.9%** | **9.8%** | **7.1%** | **8.2%** | **82.7%** | **31.8%** | **36.2%** | **17.3%** |
| Bottom 20% | 14.5% | 17.6% | 5.5% | 17.6% | 67.2% | 38.0% | 32.2% | 23.6% |
| Second 20% | 14.2% | 14.7% | 4.0% | 12.7% | 73.0% | 35.6% | 37.0% | 19.6% |
| Middle 20% | 15.5% | 13.4% | 5.9% | 10.1% | 76.4% | 35.5% | 36.5% | 18.0% |
| Fourth 20% | 14.9% | 10.1% | 6.9% | 9.0% | 81.9% | 34.1% | 36.0% | 17.9% |
| Top 20% | 14.7% | 7.4% | 8.0% | 5.7% | 87.4% | 28.4% | 36.5% | 16.0% |
| **Married Parents** | **13.4%** | **6.1%** | **5.5%** | **7.0%** | **83.0%** | **32.4%** | **36.3%** | **16.0%** |
| Bottom 20% | 16.5% | 10.6% | 3.2% | 12.6% | 67.9% | 38.3% | 32.2% | 19.9% |
| Second 20% | 14.6% | 9.6% | 4.3% | 11.4% | 72.7% | 33.9% | 36.8% | 19.2% |
| Middle 20% | 14.7% | 7.3% | 4.8% | 10.1% | 75.4% | 37.7% | 35.4% | 18.4% |
| Fourth 20% | 13.0% | 5.8% | 5.2% | 7.8% | 82.1% | 34.8% | 35.6% | 16.5% |
| Top 20% | 12.9% | 5.2% | 6.2% | 4.7% | 88.1% | 28.6% | 37.2% | 14.2% |
| **Single No Kids** | **16.9%** | **8.0%** | **7.1%** | **13.5%** | **78.8%** | **32.2%** | **32.2%** | **25.0%** |
| Bottom 20% | 19.9% | 11.0% | 5.9% | 19.5% | 71.4% | 34.5% | 29.9% | 29.8% |
| Second 20% | 17.2% | 9.3% | 6.8% | 14.6% | 74.9% | 34.0% | 31.5% | 26.4% |
| Middle 20% | 15.8% | 6.9% | 7.5% | 12.8% | 80.3% | 32.7% | 33.1% | 23.8% |
| Fourth 20% | 16.2% | 6.0% | 7.8% | 9.3% | 85.3% | 30.3% | 33.1% | 22.6% |
| Top 20% | 14.0% | 4.6% | 8.4% | 8.4% | 88.1% | 24.6% | 34.8% | 18.9% |
| **Single Parents** | **17.3%** | **6.6%** | **6.0%** | **14.0%** | **73.5%** | **37.3%** | **31.3%** | **23.4%** |
| Bottom 20% | 21.0% | 7.8% | 6.1% | 18.8% | 63.2% | 39.3% | 26.0% | 32.1% |
| Second 20% | 17.0% | 6.2% | 5.5% | 15.0% | 70.1% | 39.1% | 31.3% | 24.8% |
| Middle 20% | 15.9% | 6.7% | 5.2% | 12.6% | 78.9% | 37.6% | 33.1% | 21.2% |
| Fourth 20% | 16.0% | 6.1% | 8.1% | 10.7% | 80.7% | 34.5% | 33.0% | 15.9% |
| Top 20% | 14.9% | 4.9% | 7.8% | 7.8% | 84.6% | 27.9% | 35.7% | 15.0% |
| **Elderly (65+)** | **12.8%** | **20.4%** | **4.7%** | **4.7%** | **71.6%** | **30.1%** | **36.6%** | **15.9%** |
| Bottom 20% | 13.9% | 25.7% | 3.9% | 3.9% | 60.2% | 30.8% | 35.5% | 17.5% |
| Second 20% | 12.9% | 22.4% | 4.0% | 4.0% | 68.3% | 31.8% | 36.3% | 17.1% |
| Middle 20% | 12.3% | 19.3% | 5.2% | 5.2% | 74.8% | 31.3% | 36.7% | 16.0% |
| Fourth 20% | 12.3% | 15.8% | 5.7% | 5.7% | 80.7% | 28.5% | 37.0% | 13.4% |
| Top 20% | 11.8% | 12.4% | 6.3% | 6.3% | 85.0% | 25.6% | 37.5% | 13.4% |

1. *See the prior table for definitions.*

By income cohort, the higher the income, the lower the rates of asthma, diabetes, smoking, obesity, and depression and the higher the rates of heavy drinking, exercise, and being overweight. In 2023, the conditions where the gap between the lowest and highest income cohorts were greatest (greater than a 10-percentage point delta) were diabetes and exercise:

- higher income earners report lower instances of diabetes, at 6.9% of top earners compared to 17.6% of those who earn the least;
- smokers accounted for 5.6% of top earners, compared with 15.5% of those who earn the least;
- those with higher income report exercising more often than the poor, with 87.4% of the top income cohort and 65.4% of the bottom income cohort exercising at least one time per month; and
- higher income earners report lower instances of depression, at 15.3% of top earners compared to 23.9% of those who earn the least.

There is no family type that is consistently healthier than the others by all of these measures. The elderly often represent the extremes of these measures in both positive and negative respects; they have the highest rates for diabetes and overweight and the lowest rates of heavy drinking, asthma, exercising, depression and obesity. The condition where the gap between family types was greatest in 2023 was diabetes; in 2023, 6.1% of married parents reported having diabetes, while 20.4% of the elderly reported having this condition.

By major racial and ethnic group, there is no group that is consistently healthier than the others by all of these measures. In 2022 (the latest year for which we have data), the single race or ethnicity with the highest and lowest rates of these measures were:

- *Asthma* - highest - American Indian/Alaska Native people at 15%, lowest - Asian people at 6%
- *Diabetes* - highest - Black people at 12%, lowest - white people at 9%
- *Heavy drinker* - highest - Native Hawaiians or other Pacific Islanders at 24%, lowest - Asian people at 12%
- *Smoking* - highest - American Indian/Alaska Native people at 18%, lowest - Asian people at 5%
- *Exercise* - highest - Asian people at 80%, lowest - Hispanic people at 71%
- *Obese* - highest - Black people at 43%, lowest - Asian people at 13%
- *Depressed* - highest - American Indian/Alaska Native people at 27%, lowest - Asian people at 11%

Overall, in 2023, 67% of Americans were either overweight or obese. The highest rate of obesity was among single parents, while the lowest was among the elderly. The opposite is true for those overweight; single parents had the lowest rates of those overweight, while the elderly had the highest rates. The rate of obesity has increased over the last decade, while the rate of those overweight has remained unchanged when comparing 2013 to 2022 (the latest year for which we have data).

Overall, in 2023, 19% of Americans had a depressive disorder, as determined by a medical professional. The highest rates of depressive disorder were among single people without kids, while the lowest was among the elderly. Nineteen percent of children ages 12-17, 19% of adults ages 18-25, and 7% of adults ages 26 or older experienced a major depressive episode in 2023. A major depressive episode is a period of at least 2 weeks when an individual experienced a depressed mood or loss of interest or pleasure in daily activities and had a majority of specified depression symptoms. The most recent depression data should not be directly compared to estimates from 2019 or earlier due to changes in the source methodology; however, depression prevalence among people 12-17 and 18-25 increased throughout the 2010s. In 2023, Nevada and New Hampshire had the highest rate of major depressive episodes among adolescents ages 12-17 at about 23%, while Oregon had the highest rate among young adults ages 18-25, with roughly 26% affected.

## Longevity and mortality

| Calendar year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Life expectancy at birth (years) | 78.4 | 77.5 | 78.7 | 78.8 | 1% | —% | (1)% |
| Average age at death (years) | 73.5 | 73.3 | 73.8 | 73.7 | —% | —% | —% |
| Total deaths | 3,091 | 3,280 | 2,839 | 2,597 | (6)% | 9% | 19% |
| **Deaths by leading and other select causes (in thousands):[1]** | | | | | | | |
| Circulatory diseases | 916 | 942 | 869 | 801 | (3)% | 5% | 14% |
| Cancers | 629 | 624 | 615 | 600 | 1% | 2% | 5% |
| Respiratory diseases | 261 | 263 | 283 | 261 | (1)% | (8)% | —% |
| Mental disorders | 133 | 139 | 135 | 156 | (4)% | (2)% | (15)% |
| Other synthetic narcotics[2] | 73 | 74 | 31 | 3 | (1)% | 135% | nm |
| Firearm deaths | 47 | 48 | 40 | 34 | (3)% | 18% | 39% |
| Other opioid | 10 | 12 | 13 | 11 | (17)% | (23)% | (9)% |
| Heroin poisoning | 4 | 6 | 15 | 8 | (33)% | (73)% | (50)% |
| **Deaths by intent (in thousands):** | | | | | | | |
| Accidents | 223 | 227 | 167 | 131 | (2)% | 33% | 71% |
| Suicides | 49 | 49 | 48 | 41 | —% | 2% | 20% |

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

*1. Data may be partially duplicate between categories.*

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

In 2023, male life expectancy at birth was 75.8 years and female life expectancy was 81.1 years. For non-Hispanic Black people, life expectancy at birth was 74.0 years, while for non-Hispanic white people it was 78.4 years. Over the past decade, life expectancy at birth decreased 1%, while average age at death was flat. Life expectancy for males and females, Hispanic people, non-Hispanic Black people, and non-Hispanic white people all decreased for the decade, with the largest decrease at 2 years for non-Hispanic Black males.

### Causes of death and intent

In 2023, 3,091 thousand deaths occurred, an increase of 19% for the decade and a decrease of 6% from 2022. For the periods 2013 to 2023, the leading causes of death (other than COVID-19) remained the leading causes throughout the periods shown in this report.

COVID-19 was the third leading cause of death in 2021, fourth in 2022, and 10th in 2023, underlying or contributing to the deaths of 462 thousand people or 13% of 2021 deaths, 245 thousand people or 7% of 2022 deaths, and 76 thousand people or 2% of 2023 deaths, a 69% decrease from 2022 and a 84% decrease from 2021, respectively.

Though they are not leading causes of death, other synthetic narcotic deaths have increased at growth rates far exceeding those of the leading causes, including 2,333% over the decade. Demographically:

- *Age* - the age group between 35 to 44 made up the largest group of other synthetic narcotics death increases over the past decade at 29% of the increase in these deaths, followed by those between the ages of 25 and 34 at 22%, and those between the ages of 45 and 54 at 19%.
- *Gender* - male deaths were more than two times those of female deaths within each of these primary age groups.
- *Race and ethnicity* - white people experienced the greatest increase in other synthetic narcotic deaths, making up 70% of the increase over the past decade, with Black people following at 25%. American Indian/Alaska Native and Asian or Pacific Islanders each represented only 2% or less of the increase in these deaths over the decade.

Though also not a leading cause of death, deaths from firearms increased 39% over the past decade. In 2023, 58% of these deaths were suicides and 38% were homicides. Demographically, in 2023:

- *Geography* - metropolitan areas housed 82% of the firearm deaths, while 18% occurred in non-metropolitan areas.
- *Age* - a plurality of firearm deaths occurred for those between ages 20 and 34, at 32% of the deaths, while the least number occurred for those under 19, at 10% of the deaths.
- *Race and ethnicity* - white people experienced the most firearm deaths at 67%, while Black people experienced 29% of the deaths.

Suicide was the 11$^{th}$ leading cause of death overall in the US in 2023, with over two times as many suicides (49,316) as there were homicides (22,830). Demographically, in 2023:

- *Age* - suicide was the second leading cause of death for people ages 10-34 and the fourth leading cause of death for people ages 35-44;
- *Gender* - the suicide rate among males was approximately four times higher than the rate among females. Among females, the suicide rate was highest for those aged 45-64 (8.6 per 100,000), while among males, the suicide rate was highest for those aged 75 and older (40.7 per 100,000); and
- *Race and ethnicity* - rates of suicide were highest for non-Hispanic American Indian/Alaska Native people (23.8 per 100,000), followed by non-Hispanic white people (17.6 per 100,000), and non-Hispanic Native Hawaiians or other Pacific Islanders (17.3 per 100,000).

### Healthcare affordability

| Calendar year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Total personal healthcare expenditures (in billions)[1] | $ 4,163 | $ 3,806 | $ 3,042 | $ 2,408 | 9% | 37% | 73% |
| *Personal healthcare expenditures per capita* | *$ 12,360* | *$ 11,395* | *$ 9,259* | *$ 7,603* | *8%* | *33%* | *63%* |
| *Personal healthcare expenditures adjusted for medical inflation (in billions)* | *$ 4,163* | *$ 3,824* | *$ 3,446* | *$ 3,110* | *9%* | *21%* | *34%* |
| Out-of-pocket healthcare expenditures (in billions)[2] | $ 525 | $ 492 | $ 403 | $ 334 | 7% | 30% | 57% |
| *Percentage of personal healthcare expenditures paid out-of-pocket* | *13%* | *13%* | *13%* | *14%* | *—ppt* | *—ppt* | *(1)ppt* |
| Percentage of disposable income spent on healthcare[3] | 22% | 22% | 22% | 21% | —ppt | —ppt | 1ppt |
| Percentage of Americans without health insurance coverage | 8% | 8% | 9% | 15% | —ppt | (1)ppt | (7)ppt |

1. *Personal healthcare expenditures include hospital, physician and clinical, prescription drug, dental services, and other professional and durable products expenditures, as aggregated by CMS, Office of the Actuary, and National Health Statistics Group.*
2. *Out-of-pocket expenses are costs for medical care that aren't reimbursed by insurance, including deductibles, coinsurance, and copayments for covered services plus all costs for services that aren't covered.*
3. *See the definition of disposable income at the* Wealth creation *table below.*

Total personal healthcare expenditures rose 73% over the last decade, or 63% per capita. By type, these expenditures increased across all major categories, with the largest dollar increases in hospital ($594 billion or 66% increase), physician and clinical ($461 billion or 82%), and prescription drug ($173 billion or 67%) expenditures.

Private (non-government) health insurance, Medicare, Medicaid, and individual "out-of-pocket" expenditures (excluding insurance premiums) made up 32%, 23%, 19%, and 13%, respectively, of the total personal healthcare expenditures payment sources in 2023. Over the decade, spending from all payment sources increased, except for workers' compensation. The largest dollar increases by payment source were from private health insurance and Medicare at $562 billion or 72% and $409 billion or 74%, respectively, while payments from the Substance Abuse and Mental Health Administration grew at the highest rate at 124% or $4 billion.

In 2023 and 2013, households spent 22% and 21% of their disposable household cash income on healthcare, respectively. Over the past decade, as a percentage of disposable household cash income, spending in most every major healthcare category decreased, with the largest decreases in hospitals and nursing homes, at decreases of 0.40 and 0.29 percentage points, respectively, offset by increases of 0.18 and 0.06 percentage points in paramedical services and pharmaceutical products, respectively.

In 2023, 8% of Americans were without health insurance coverage, including 5% of children, a decrease from 15% of Americans, including 8% of children, in 2013. Experience varies by race and ethnicity, with white non-Hispanic people having the lowest uninsured rates at 5% in 2023, down from 10% in 2013, and American Indian/Alaska Native people having the highest uninsured rates at 18% in 2023, down from 27% in 2013. Hispanic people saw the largest percentage point change for the period, decreasing 11 percentage points to 17% uninsured in 2023, down from 28% in 2013. Since passage of the ACA in March of 2010, the number of uninsured Americans decreased from 46 million in 2011 to 27 million in 2016, then rose annually to 30 million in 2019, most likely due to new policy changes to coverage options available under the ACA and Medicaid, where they peaked and began declining again.[82]

## Blessings of Liberty

This segment works to secure the blessings of liberty to the US population and its posterity. Its reporting units are education, wealth and savings, sustainability and self-sufficiency, and the American Dream. Overall, the long-term trend for the past decade shows we:

- ***made meaningful progress*** on: net asset accumulation, including average household financial and real estate assets and private retirement plan participants and assets per participant; reducing equal employment charges; lowering costs of certain sources of energy; certain measures of environmental sustainability and self-sufficiency, including net energy production, increased energy consumption from renewable sources, and increased consumption of grains and soy vs. meat and poultry; and

- ***regressed notably*** in math and reading proficiency, the cost of higher education, total government debt as a percentage of GDP and per capita, tax deductible giving as a percentage of AGI, hate crimes and housing discrimination reported, increased numbers of days reaching unhealthy levels of air quality, and fewer crops harvested paired with increased crop failures.

Shorter-term trends may differ, and trends may have changed after the latest period presented here.

## Education

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

### Pre-kindergarten to grade 12

| Academic year, except as otherwise noted | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Head Start[1] funded enrollment (in thousands) (fiscal year) | 778 | 833 | 887 | 904 | (7)% | (12)% | (14)% |
| *Head Start[1] funded enrollment per 10,000 children age birth-5* | *418* | *445* | *448* | *455* | *(6)%* | *(7)%* | *(8)%* |
| Percentage of 3-5 year-olds enrolled in school | 61% | 59% | 61% | 59% | 2ppt | —ppt | 2ppt |
| Percentage of 5-17-year-olds enrolled in public elementary and secondary school | na | na | 94% | 93% | na | na | na |
| Rate of high school graduates as percentage of freshman cohort | na | 87% | 85% | 81% | na | na | na |
| Percentage of population 25 years and over with a high school diploma or GED certificate (no more or less education) (calendar year) | 28% | 29% | 29% | 30% | (1)ppt | (1)ppt | (2)ppt |
| % students at or above proficient NAEP reading level[2] | | | | | | | |
| 4th grade | na | 33% | na | 35% | na | na | na |
| 8th grade | na | 31% | na | 36% | na | na | na |
| % students at or above proficient NAEP math level[2] | | | | | | | |
| 4th grade | na | 36% | na | 42% | na | na | na |
| 8th grade | na | 26% | na | 35% | na | na | na |

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

*1. Head Start provides programs that promote school readiness of children ages birth to five from low-income families by supporting their development in a comprehensive way. The programs offer a variety of service models, depending on the needs of the local community, including programs based in schools, child care centers, and family child care homes. Some programs offer home-based services that assigned dedicated staff who conduct weekly visits to children in their own home and work with the parent as the child's primary teacher.*

*2. National Assessment of Educational Progress is the largest nationally representative and continuing assessment of what America's students know and can do in various subject areas. Since NAEP assessments are administered uniformly using the same sets of test booklets across the nation, NAEP results serve as a common metric for all states and selected urban districts. The assessment stays essentially the same from year to year, with only carefully documented changes. This permits NAEP to provide a clear picture of student academic progress over time.*

#### Enrollment and graduation

The US Congress authorizes the amount of federal spending for the Head Start program each year. Authorized funding for Head Start increased 56% over the decade to $12.0 billion in 2023, while enrollment decreased 14% for the same period.

The percentage of children ages three to five that are enrolled in school increased for the decade, from 59% to 61%, with 41% enrolled in public programs and 20% enrolled in private programs. As a percentage of the applicable population, enrollment in public elementary and secondary schools consistently hovered between 93% and 95% from 2013 to 2020 (the latest comparative period within the decade for which data is available).

The rate of high school graduates as a percentage of those that began high school increased 6 percentage points from 2013 to 2022 (the latest year for which we have data). The largest increase from 2013 to 2022, is for Black students at 10 percentage points, followed by Hispanic students at 8 percentage points, American Indian/Alaska Native students at 4 percentage points, and white students at 3 percentage points.

The percentage of the population aged 25 years and older whose highest schooling is a high school diploma or GED (no more or less education) decreased over the past decade. In 2022 (the latest year for which we have data), demographically:

- *Gender* – percentages of males and females were similar at 30% and 27% of each population, respectively;
- *Age* – percentages were highest for the oldest population, with 25 to 34-year-olds at 27% of this population, 35 to 54-year-olds at 26%, and 55 years and older at 31%; and
- *Race and ethnicity* – Asian people had the lowest percentage at 19% of this population, followed by people who are non-Hispanic white at 27%, Hispanic of any race at 33%, and Black at 34%.

## Educational proficiency

The NAEP scores are generally provided every two years. Between 2013 and 2022 (the most recent year available within our decade of focus), the reading and math proficiency rates decreased for 4th graders 8th graders. There are notable demographic variances in 2022:

- *Race and ethnicity* – Asian children are the most proficient in both reading (56% are proficient at grade 4, 55% at grade 8) and math (61% at grade 4, 56% at grade 8), followed by white children in reading (42% at grade 4, 38% at grade 8) and math (48% at grade 4, 35% at grade 8). American Indian/Alaska Native and Black children perform at the lowest end of the range, with Black children the least proficient at reading (17% at grade 4, 16% at grade 8) and math (15% at grade 4, 9% at grade 8) and American Indian/Alaska Native children not faring much better at reading (18% for both grades 4 and 8) and math (22% at grade 4, 13% at grade 8).
- *Gender* – boys are more proficient in math, while girls are more proficient in reading. However, by grade 8, girls are nearly as proficient in math as boys. For math, boys were 40% proficient at grade 4 and 28% proficient at grade 8, while girls were 32% proficient and 25% proficient, respectively. For reading, girls were 35% proficient at grade 4 and 34% at grade 8, while boys were 31% proficient and 27% proficient, respectively.
- *Residential area* – for reading, students are more proficient when they live in suburbs, followed by rural areas, then cities, then towns. For math, in 2019 (the most recent year available within the decade of focus), students are more proficient when they live in suburbs, followed by rural areas, then towns, then cities.
- *State/District/Territory* – students in Massachusetts are the most proficient in 4th grade reading at 43% and students in New Jersey are the most proficient in 8th grade reading at 42%, while 4th and 8th grade students in New Mexico have the lowest proficiency in reading, at 21% and 18%, respectively. Students in Wyoming are the most proficient in 4th grade math at 44%, and students in Massachusetts and Utah are most proficient in 8th grade math at 35% each, while 4th and 8th grade students in in New Mexico have the lowest proficiency in math, at 19% and 13%, respectively.

## Higher education

| Academic year<br>(In thousands, except percentages) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Average annual cost of undergraduate education | $ 27,673 | $ 26,858 | $ 23,833 | $ 20,233 | 3% | 16% | 37% |
| *Average annual cost of undergraduate education adjusted for inflation*[1] | *$ 27,673* | *$ 28,540* | *$ 28,785* | *$ 26,209* | *(3)%* | *(4)%* | *6%* |
| Rate of college enrollment as percentage of recent high school graduates | 61% | 62% | 67% | 66% | (1)ppt | (6)ppt | (5)ppt |
| Rate of graduation from four-year institutions within six years of start | na | 65% | 62% | 59% | na | na | na |
| Rate of graduation from two-year institutions within three years of start | na | 34% | 32% | 29% | na | na | na |
| Number of associate's degrees conferred by postsecondary institutions | na | 1,008 | 1,012 | 1,007 | na | na | na |
| Percentage of population 25 years and over with a bachelor's degree or higher | 38% | 38% | 35% | 32% | —ppt | 3ppt | 6ppt |

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

*1. Cost is the average undergraduate tuition, fees, room, and board rates charged for full-time students in degree-granting postsecondary institutions, both 2-year and 4-year institutions. Adjusted for inflation at the source.*

### Average annual cost

The average annual cost of undergraduate education increased 37% over the past decade, or 6% adjusted for inflation. The cost for 4-year institutions and for 2-year institutions increased 29% and 28%, respectively. Among the components of the cost of education, tuition and fees and dormitory room costs increased the most at 38% and 39% growth, respectively.

### Enrollment

The overall rate of college enrollment by recent high school graduates has fluctuated but decreased over the decade. From 2013 to 2022 (the most recent year available within our decade of focus), the rate of enrollment in 4-year institutions rose 3.1 percentage points, while enrollment in 2-year institutions dropped 6.9 percentage points. The rate of male enrollment declined 6.4 percentage points, with enrollment in 4-year institutions and 2-year institutions declining 0.6 percentage points and 5.8 percentage points, respectively. The rate of female enrollment declined 2.3 percentage points, with enrollment in 4-year institutions rising 5.4 percentage points, while enrollment in 2-year institutions dropped 7.7 percentage points.

### Graduation

The rates of graduation from 4-year institutions and 2-year institutions increased 6 percentage points and 5 percentage points, respectively, from 2013 to 2022 (the most recent year available within our decade of focus). However, the rates vary by type of institution and the gender, race, and ethnicity of the student.

#### 4-year institutions

For 4-year institutions, in most years, the rates of graduation from for-profit institutions are around half of the rates from each public and nonprofit institutions. In 2022 (the latest year for which we have data), these rates were 34%, 63%, and 69%, respectively. When comparing 2013 to 2022, graduation rates from 4-year institutions increased overall and for all types of institutions.

Females graduate from 4-year institutions at higher rates than men, at 68% and 61%, respectively, in 2022. These graduation rates reflect increases of 5.7 and 4.6 percentage points among females and males, respectively, when comparing 2013 to 2022.

For 2022, by race and ethnicity, Asian people enjoyed the highest rate of graduation from 4-year institutions, at 78%, while American Indian/Alaska Native people had the lowest rate, at 44%. When comparing 2013 to 2022, Asian people showed the largest increases in graduation rates over the decade, at 7.5 percentage points, wile Pacific Islanders saw the smallest increase at 2.2 percentage points.

#### 2-year institutions

In contrast to 4-year institutions, for 2-year institutions, in most years, the rates of graduation for both males and females from public institutions are nearly half of the rates from each for-profit and nonprofit institutions. In 2022 (the latest year for which we have data), these overall graduation rates were 30%, 55%, and 56%, respectively. Comparing 2022 to 2013, graduation rates from 2-year institutions increased 4.7 percentage points. The rates decreased in for-profit institutions by 7.6 percentage points and increased in public institutions and nonprofit institutions by 10.7 and 2.8 percentage points, respectively.

Females graduate from 2-year institutions at higher rates than men, at 36% and 32%, respectively, in 2022. These graduation rates reflect increases of 3.5 and 6.1 percentage points among females and males, respectively, when comparing 2013 to 2022.

By race and ethnicity, Asian people enjoyed the highest rate of graduation from 2-year institutions, at 44% in 2022, while Black people had the lowest rate, at 25%. Asian people showed the largest increase in graduation rates over the decade, at 8.9 percentage points, followed by white people at 8.5 percentage points, while the largest graduation rate decrease was for Pacific Islander people at 10.1 percentage points.

According to the Department of Education, "Researchers have identified a number of student-level challenges and institutional practices that underlie the low rates of persistence and completion at community colleges... These factors include, but are not limited to, financial challenges, such as the costs of attending college; a shortage and underutilization of student support services; insufficient preparation for college-level work; and the competing demands of work, family, and school. These challenges are even more pronounced for students from families with low-incomes and students with insufficient preparation for college-level work due to powerful negative systemic influences on students' prior educational preparation (e.g., absence of academically rigorous course offerings in the high school)."[83]

### Degrees

Associate's degree

The number of associate's degrees conferred by postsecondary institutions remained flat when comparing 2013 to 2022 (the latest period for which we have data). In 2022, demographically:

- *Gender* – 63% of the degrees were conferred to females, while 37% were conferred to males; and
- *Race and ethnicity* – nearly half (48%) of the degrees were earned by white non-Hispanic students, with the second and third largest populations, Hispanic and Black non-Hispanic students, earning 26% and 12% of the degrees, respectively.

Bachelor's or higher degree

The percentage of the population age 25 years and older with a bachelor's degree or higher increased 6 percentage points over the last decade, reaching 38% in 2023. In 2022 (the latest year for which we have data), demographically:

- *Gender* – females had a 3-percentage point higher rate than males of obtaining a master's degree (12% and 9%, respectively) and a 1-percentage point higher rate for bachelor's degrees (24% and 23% respectively), while males had a 1-percentage point higher rate of obtaining professional degrees (2% for men and 1% for women). The rates were the same for doctorate degrees at 2% for both men and women;
- *Age* – the rates of bachelor's degrees decreased with age, with 25 to 34-year-olds at 29%, 35 to 54-year-olds at 25%, and 55-year-olds and older at 20%, while rates of master's, professional, and doctorate degrees all were generally higher in the older age groups; and
- *Race and ethnicity* – Asian people had the highest rates of earning all degrees, at 33% for bachelor's, 19% for master's, 2% for professional, and 5% for doctorate degrees, while Hispanic people of any race had the lowest rates at 15% for bachelor's, 5% for master's, and 1% for each professional and doctorate degrees.

## Education profile (calendar year 2023)

One way to analyze education outcomes is by FIUs and income cohorts. As discussed under *Part I. Item 1. Purpose and Function of Our Government / Customers / Cohorts of our population* of this report, although we categorize the families based on presence of children under 18, if a person is aged 18 or older and still living in the family with relatives, she would not be her own economic unit unless she had her own subfamily. Therefore, in the table below, households that are "no kids" may have students currently living in the home, either young adult students still living at home or adults who have gone back to school.

| Family and Individual Unit Subgroup/Income % | Educational Attainment of Unit Head | | | | # of Students in Household (in thousands) | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | % Some H.S. | % H.S. Diploma | % Some College | % College Graduate | Pre-School (Aged 3+) | K-12 | | College | |
| | | | | | | Public | Private | Full-Time | Part-Time |
| **All Family and Individual Units** | **9%** | **27%** | **27%** | **38%** | **4,531** | **47,107** | **7,006** | **13,071** | **4,160** |
| Bottom 20% ($0-$12K) | 18% | 36% | 27% | 19% | 401 | 4,600 | 467 | 2,378 | 465 |
| Second 20% ($12K-$45K) | 11% | 36% | 30% | 23% | 556 | 7,296 | 695 | 1,852 | 720 |
| Middle 20% ($45K-$87K) | 7% | 29% | 29% | 35% | 715 | 8,944 | 1,087 | 2,071 | 794 |
| Fourth 20% ($87K-$160K) | 5% | 22% | 27% | 46% | 1,220 | 12,176 | 1,737 | 2,786 | 961 |
| Top 20% ($160K+) | 2% | 13% | 20% | 65% | 1,597 | 13,581 | 2,937 | 3,788 | 1,177 |
| **Single No Kids** | **8%** | **29%** | **27%** | **36%** | — | **626** | **119** | **4,931** | **1.368** |
| Bottom 20% | 15% | 36% | 30% | 20% | — | 136 | 41 | 1,922 | 251 |
| Second 20% | 10% | 37% | 30% | 23% | — | 197 | 17 | 1,116 | 364 |
| Middle 20% | 4% | 29% | 28% | 39% | — | 130 | 39 | 876 | 341 |
| Fourth 20% | 3% | 17% | 23% | 57% | — | 110 | 11 | 620 | 246 |
| Top 20% | 2% | 11% | 17% | 71% | — | 49 | 6 | 280 | 148 |
| **Single Parents** | **17%** | **34%** | **28%** | **22%** | **1,146** | **15,519** | **1,353** | **1,137** | **414** |
| Bottom 20% | 36% | 36% | 20% | 8% | 335 | 3,418 | 287 | 191 | 59 |
| Second 20% | 14% | 41% | 33% | 12% | 396 | 4,928 | 390 | 327 | 116 |
| Middle 20% | 8% | 32% | 32% | 28% | 259 | 4,090 | 372 | 346 | 127 |
| Fourth 20% | 5% | 22% | 28% | 45% | 108 | 2,074 | 163 | 183 | 74 |
| Top 20% | 4% | 15% | 20% | 60% | 38 | 713 | 97 | 68 | 30 |
| **Married No Kids** | **6%** | **24%** | **25%** | **45%** | — | **659** | **109** | **3,508** | **923** |
| Bottom 20% | 20% | 34% | 24% | 21% | — | 17 | — | 119 | 47 |
| Second 20% | 16% | 36% | 26% | 23% | — | 30 | 7 | 149 | 25 |
| Middle 20% | 12% | 36% | 27% | 25% | — | 74 | 8 | 365 | 93 |
| Fourth 20% | 6% | 28% | 30% | 36% | — | 225 | 39 | 1,028 | 251 |
| Top 20% | 3% | 15% | 22% | 61% | — | 304 | 55 | 1,826 | 506 |
| **Married Parents** | **7%** | **20%** | **24%** | **50%** | **3,346** | **29,186** | **5,269** | **2,864** | **906** |
| Bottom 20% | 22% | 33% | 21% | 24% | 62 | 742 | 112 | 84 | 14 |
| Second 20% | 23% | 32% | 22% | 23% | 153 | 1,831 | 242 | 152 | 76 |
| Middle 20% | 17% | 33% | 27% | 23% | 443 | 4,438 | 649 | 351 | 121 |
| Fourth 20% | 6% | 23% | 30% | 41% | 1,103 | 9,601 | 1,501 | 839 | 302 |
| Top 20% | 2% | 11% | 18% | 70% | 1,553 | 12,419 | 2,739 | 1,415 | 384 |
| **Elderly (age 65+)** | **9%** | **29%** | **27%** | **34%** | **39** | **1,118** | **156** | **632** | **549** |
| Bottom 20% | 17% | 36% | 27% | 20% | 4 | 287 | 27 | 63 | 94 |
| Second 20% | 9% | 34% | 29% | 28% | 8 | 309 | 39 | 109 | 139 |
| Middle 20% | 6% | 26% | 30% | 38% | 13 | 211 | 19 | 133 | 112 |
| Fourth 20% | 5% | 21% | 26% | 48% | 9 | 166 | 24 | 115 | 87 |
| Top 20% | 2% | 13% | 22% | 62% | 6 | 96 | 39 | 199 | 109 |

In 2023, 38% of all heads-of-households had a college degree, with the percentage climbing with each income cohort, from 19% at the lowest income cohort to 65% at the highest. Another 27% had some college education, and 27% had only a high school diploma. Nine percent of all heads-of-households had no college degree or high school diploma.

By family type, married parents are most likely to be among the college-educated, with 50% of the heads of these households having graduated college. The least likely are single parents, with 22% having graduated college. The highest-educated group is single people without kids in the top 20% by income, with 71% holding college degrees. Those with the least education are single parents in the bottom 20% by income, of whom just 8% are college graduates and 36% have only some high school education.

## Wealth and savings

The wealth and savings reporting unit encourages wealth creation through tools for homeownership, and encourages saving for retirement through pension plans, Social Security, and Medicare, while seeking to maintain a manageable balance between current expenditures and future debt.

## Wealth creation

| Calendar year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Rate of savings as a percentage of disposable income[1] | 13% | 11% | 13% | 12% | 2ppt | —ppt | 1ppt |
| Total household financial assets (primarily at market value) (in billions) | $ 118,840 | $ 108,933 | $ 82,622 | $ 66,963 | 9% | 44% | 77% |
| *Average financial assets (per household)* | *$ 904,181* | *$ 830,266* | *$ 647,576* | *$ 546,823* | *9%* | *40%* | *65%* |
| *Average financial assets adjusted for inflation* | *$ 904,181* | *$ 864,443* | *$ 785,790* | *$ 715,230* | *5%* | *15%* | *26%* |
| Homeownership rate (as a percentage of households) | 66% | 66% | 64% | 65% | —ppt | 2ppt | 1ppt |
| Average real estate assets (per household) | $ 372,145 | $ 353,084 | $ 241,788 | $ 185,288 | 5% | 54% | 101% |
| *Average real estate assets adjusted for inflation* | *$ 372,145* | *$ 367,618* | *$ 293,394* | *$ 242,352* | *1%* | *27%* | *54%* |
| Average home mortgage debt (per household) | $ 99,039 | $ 96,447 | $ 78,798 | $ 76,720 | 3% | 26% | 29% |
| *Average home mortgage debt adjusted for inflation* | *$ 99,039* | *$ 100,417* | *$ 95,616* | *$ 100,348* | *(1)%* | *4%* | *(1)%* |

1. *Disposable income is a USAFacts defined value equal to market income plus government transfers to households (includes Social Security, Medicare, Medicaid, SSI, SNAP, EITC, etc), minus direct taxes (including payroll taxes, personal income taxes, taxes on owner-occupied housing, etc).*

The rate of savings as a percentage of disposable income increased 1 percentage point over the past decade, due to increases in income that outpaced increases in expenditures. For the decade, disposable income increased primarily due to higher wages and salaries (65% increase), government transfers to households (74% increase), and retirement benefit distributions (65% increase). See analysis of the taxable components of income in *Revenues / Federal individual income tax revenue* above. Expenditures increased for the decade, primarily in the categories of health (66% increase), food (76% increase), transportation (62% increase), and housing (57% increase).

### Financial assets

Total and average (per household) financial assets (excluding real estate) increased over the past decade, 77% and 65%, respectively. Total household financial assets increased $51.9 trillion, primarily reflecting increases in corporate equities ($19.7 trillion), pension entitlements ($8.3 trillion), equity in noncorporate business ($7.1 trillion), and mutual fund shares ($4.4 trillion). Average household financial assets increased at a lower rate than total household financial assets due to an 7% increase in the number of households.

### Real estate

In 2023, 66% of households owned their home. Overall, the percentage of families that are homeowners remained relatively steady over the decade. Demographically:

- *Geography* - the West had the greatest change for the decade increasing by 2.4 percentage points, while the Northeast had the only decrease at 0.6 percentage points for the same period;
- *Race and ethnicity* - the largest increase was among Asian or Native Hawaiian or other Pacific Islander people at 4.9 percentage points, and the lowest increase was among American Indian or Alaskan Native people at 0.6; and
- *Age* - homeowners ages 35 to 39 had the largest rate of increase at 3.4 percentage points, while most other age groups saw declines, with the largest rate of decrease for homeowners ages 70 to 74 at 2.3 percentage points for the decade.

Average real estate assets (not included in financial assets) per household (all households, not just those of homeowners) increased 101% over the past decade, while average mortgage debt per household increased 29%. Though average mortgage debt increased, it did not keep up with inflation, declining 1% for the decade when adjusted. Since 2012, average real estate asset values per household have been climbing, and since 2015, average home mortgage debt per household has been climbing. In 2023, average real estate assets less average mortgage debt per household was $273,106.

Wealth profile (calendar year 2022, produced every three years)

| | Average Assets (thousands) | Average Debt (thousands) | Average Net Worth (thousands) | Ratio of Debt Payments to Income (Avg.) | % Families Past Due on Debt (60 Days) | % Families that Saved |
|---|---|---|---|---|---|---|
| **All families** | **$1,191** | **$127** | **$1,064** | **9.9%** | **7.2%** | **56.5%** |
| Bottom 20% of income[1] | 205 | 24 | 181 | 18.0% | 9.2% | 30.9% |
| Second 20% of income[1] | 244 | 45 | 199 | 14.2% | 10.9% | 48.7% |
| Middle 20% of income[1] | 513 | 90 | 423 | 16.0% | 8.4% | 56.0% |
| Fourth 20% of income[1] | 748 | 151 | 597 | 14.8% | 6.3% | 66.6% |
| Top 20% of income[1] | 4,243 | 325 | 3,918 | 6.9% | 2.2% | 80.5% |
| Under 35 | 288 | 104 | 183 | 13.1% | 10.0% | 54.4% |
| Age 35-44 | 727 | 177 | 550 | 10.91% | 10.0% | 54.3% |
| Age 45-54 | 1,166 | 190 | 976 | 11.5% | 10.4% | 59.0% |
| Age 55-64 | 1,699 | 132 | 1,566 | 9.3% | 4.9% | 59.6% |
| Age 65-74 | 1,883 | 88 | 1,795 | 7.6% | 3.0% | 59.6% |
| Age 75+ | 1,675 | 51 | 1,624 | 5.4% | 1.4% | 55.0% |

1. *Data from the Survey of Consumer Finances, The Federal Reserve Board. This source has a subset of this data for more recent periods The income classifier used is "usual" income, designed to capture a version of household income with transitory fluctuations smoothed away in order to approximate the economic concept of "permanent" income. Usual income differs from actual income when the respondent reports that the family experienced a negative or positive income "shock" that is unlikely to persist, say from a temporary unemployment spell or an unexpected salary bonus; respondents are given the option to report their usual income if they believe they experienced a temporary deviation. The definition of "family" is a primary economic unit (PEU), distinct from everyone else in the household. The PEU is intended to be the economically dominant single person or couple (whether married or living together as partners) and all other persons in the household who are financially interdependent with that economically dominant person or couple.*

By income cohort, in 2022, families in the top 20% of income had higher average net worth than all other income cohorts, including 556% higher net worth than the next highest income cohort, and 2,069% higher net worth than the lowest income cohort.

Families in all income cohorts held a plurality of their assets in primary residences, except the top 20%, which held a plurality in business equity. By age, average assets in 2022 grew as we moved up each age cohort, peaked at ages 65 to 74 years old, and then decreased for those ages 75 and older. Except for those ages 65 to 74, families of each age group held the largest portion of their assets in primary residences, followed by business equity. Those ages 65 to 74 held the a plurality of their assets equally in primary residences and business equity.

Families in all income and age cohorts held a majority (69% overall) of their debt in 2022 in primary residence mortgages. The second highest debt category for all income cohorts (except for the top 20%) and for all age cohorts 54 and under was education loans. For the top 20% income cohort and for age cohorts over 54, the second highest category was other residential debt. By age, average debt in 2022 peaked at ages 45 to 54, then decreased as we moved up each age cohort.

The ratio of debt payments to income did not follow a discernable pattern as we moved between income cohorts and age cohorts, with the highest ratio in the bottom income and age quintile and the lowest ratio in the top income and age quintile.

The percentage of families that were past due on debt by 60 days or more peaked in the second income quintile and then decreased as we moved up the income cohorts. By age, the percentages peaked at ages 45 to 54, then decreased as we moved up the age cohorts.

The percentage of families that saved increased as we moved up the income cohorts. By age, the rates of those who saved did not vary greatly, clustering around 54%-60% and peaking at ages 55 to 64, with the maximum variance in savings rates between age cohorts at 5.3 percentage points.

## Retirement

| | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Elderly (65+) poverty rate | 10% | 10% | 10% | 10% | —ppt | —ppt | —ppt |
| Number of active participants in private pension plans (in thousands)[1] | 107,447 | 103,936 | 96,449 | 91,955 | 3% | 11% | 17% |
| *Active participants in private pension plans as a percentage of the working age population* | *50%* | *49%* | *46%* | *44%* | *1ppt* | *4ppt* | *6ppt* |
| Private retirement plan assets per active participant[1] | $ 115,414 | $ 105,852 | $ 95,730 | $ 85,595 | 9% | 21% | 35% |
| *Private retirement plan assets per active participant adjusted for inflation* | *$ 115,414* | *$ 110,209* | *$ 116,162* | *$ 111,956* | *5%* | *(1)%* | *3%* |
| Annual rate of return earned by private pension plans with 100 or more participants | 14% | (15)% | (3)% | 15% | 29ppt | 17ppt | (1)ppt |
| Number of active participants in 401(k) type private pension plans (in thousands)[1] | 81,626 | 79,444 | 70,335 | 64,495 | 3% | 16% | 27% |
| *Active participants in 401(k) type private pension plans as a percentage of the working age population* | *38%* | *38%* | *34%* | *31%* | *—ppt* | *4ppt* | *7ppt* |
| 401(k) type private retirement plan assets per active participant[1] | $ 96,998 | $ 85,416 | $ 74,347 | $ 64,801 | 14% | 30% | 50% |
| *401(k) type private retirement plan assets per active participant adjusted for inflation* | *$ 96,998* | *$ 88,932* | *$ 90,215* | *$ 84,758* | *9%* | *8%* | *14%* |
| Annual rate of return earned by 401(k) type plans with 100 or more participants | 16% | (15)% | (5)% | 18% | 31ppt | 21ppt | (2)ppt |

1. *Active participants include any workers currently in employment covered by a plan and who are earning or retaining credited service under a plan. This category includes any nonvested former employees who have not yet incurred a break in service. Active participants also include individuals who are eligible to elect to have the employer make payments to a Code section 401(k) plan.*

### Elderly poverty

The rate of the elderly in poverty has remained flat compared to a decade ago. In 2023, by gender, the rate of poverty was higher among female elderly, at 11% of the respective population, than among male elderly, at 9% of the respective population. The poverty rates were the highest among elderly Black people at 18% for 2023, down from 19% in 2013, whereas the poverty rates were the lowest among the elderly white people at 8% in 2022 and 2012.

### Private pension plan participation

The number of active participants in private pension plans, including 401(k) type plans, has increased over the past decade, outpacing the increase in the working age population. Underlying the overall increase is a 26% increase in active participation in defined contribution plans, offset in part by a 27% decrease in active participation in defined benefit plans. Defined contribution plans are pension plans where the periodic contribution by the sponsor is known but the ultimate benefit to be provided is unknown. Defined benefit plans are pension plans where the ultimate benefit to be provided by the sponsor is known and the contribution amount may vary to reach that goal.

Private pension plan assets per active participant increased over the past decade. In 2023, average pension plan assets per active participant amounted to $115,414 in all private pension plans and $96,998 in 401(k) type plans. Annual rates of return on private pension plan assets were 14% for all private pension plans and 16% for 401(k) type plans in 2023, as compared to 15% for private pension plans and 18% for 401(k) type plans in 2013. For comparative purposes, using beginning and ending federal fiscal year (October 1 to September 30) closing prices, the S&P 500 produced a 18.8% return in 2023 and a negative 14.3% return in 2013.

## Government obligations

| Fiscal year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Total Government debt held by the public as % of GDP | 99% | 98% | 86% | 84% | 1ppt | 13ppt | 15ppt |
| *Total Government debt held by the public per person* | *$ 82,421* | *$ 77,310* | *$ 54,500* | *$ 45,074* | *7%* | *51%* | *83%* |

Total Government debt held by the public as a percentage of GDP increased 15 percentage points over the past decade, with Government debt held by the public increasing 94% and GDP increasing 66%. Per person in the US, total Government debt held by the public increased 83% over the decade. See additional discussion of our Government's debt at *Financial Condition / Debt* below.

## Sustainability and self-sufficiency

The sustainability and self-sufficiency reporting unit works to protect our environment, manage our natural resources responsibly, and increase our self-sufficiency.

### Energy

| Calendar year | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Primary energy consumption (quadrillion Btu)[1] | 94 | 95 | 97 | 94 | (1)% | (3)% | —% |
| Energy consumption from renewable sources and nuclear (quadrillion Btu) | 16 | 16 | 16 | 15 | —% | —% | 7% |
| Net (production) consumption of energy (quadrillion Btu)[2] | (9) | (4) | 5 | 15 | 125% | (280)% | (160)% |
| Spot price of WTI crude oil per barrel | $ 77.58 | $ 94.90 | $ 65.23 | $ 97.98 | (18)% | 19% | (21)% |
| Spot price of Henry Hub natural gas per million Btu | $ 2.53 | $ 6.45 | $ 3.15 | $ 3.73 | (61)% | (20)% | (32)% |
| Coal prices per short ton – open market | $ 44.17 | $ 39.85 | $ 32.69 | $ 37.29 | 11% | 35% | 18% |

1. *Primary energy is energy in the form found at its original source, which has not been converted or transformed.*
2. *Net consumption of energy is primary energy consumption less energy production.*

Overall, primary energy consumption remained flat over the past decade. By source, consumption of fossil fuels decreased 2.0 quadrillion Btu or 2% and renewable energy consumption increased 1.7 quadrillion Btu or 26%, while consumption of nuclear electric power decreased 145 trillion Btu or 2% for the decade. By source, over the past decade:

- *Fossil fuels* – consumption of coal decreased 9.9 quadrillion Btu or 55%, while consumption of petroleum and natural gas increased 1.1 quadrillion BTU or 3% and 6.9 quadrillion Btu or 26%, respectively. The prices of a barrel of crude oil and of natural gas decreased 21% and 32%, respectively, while coal prices increased 18%. In 2022, some commodity markets experienced significant strains, especially at the onset of Russia's war against Ukraine. The price of oil rose notably, and natural gas prices jumped sharply, particularly in the European market.
- *Renewable energy* – consumption of energy from renewable energy sources also had mixed results. Energy consumption increased from wind (up 864 trillion Btu or 151%), solar (up 866 trillion Btu or 7,242%), biofuels (up 161 trillion Btu or 3%), and geothermal (up 2 trillion or 2%), while hydroelectric consumption decreased by 80 trillion Btu or 9%. Biofuel is biomass converted directly into liquid fuels, of which the two most common types in use today are ethanol and biodiesel.

By sector, primary energy consumption increased over the past decade for the industrial (up 1.3 quadrillion Btu or 6%) and commercial (up 0.5 quadrillion Btu or 11%) sectors, while primary energy consumption for the residential sector decreased over the past decade (down 0.4 quadrillion Btu or 6%).

Over the past decade, as a country, we have increased our energy self-sufficiency, switching from net consumption of 15 quadrillion Btus of energy in 2013 to net production of 9 quadrillion Btus in 2023. During this period, our total production of all sources of energy, in the aggregate, increased, and we imported 16% fewer barrels of crude oil.

## Environment quality and violations

| Calendar year, except as otherwise noted | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| **Air** | | | | | | | |
| Emissions (million metric tons of carbon dioxide ($CO_2$) equivalents) | na | 6,343 | 6,753 | 6,845 | na | na | na |
| Atmospheric $CO_2$ (parts per million) | 421.1 | 418.5 | 408.7 | 396.7 | 1% | 3% | 6% |
| Days reaching "unhealthy for sensitive groups" level or worse air quality[1] | 822 | 596 | 790 | 677 | 38% | 4% | 21% |
| Air violations (facilities – fiscal year) | 3,508 | 3,034 | 2,972 | na | 15% | 18% | na |
| *Air violations as % of facilities with compliance monitoring activities* | *12%* | *10%* | *10%* | *na* | *2ppt* | *2ppt* | *na* |
| **Water** | | | | | | | |
| Water quality – sediment associated contaminant concentrations of largest pollutants (per liter of water):[2] | na | na | 327 | 343 | na | na | na |
| Silica | na | na | 10.7 | 10.2 | na | na | na |
| Dissolved organic carbon | na | na | 3.8 | 4.1 | na | na | na |
| Nitrogen | na | na | 2.2 | 2.4 | na | na | na |
| Nitrate plus nitrite | na | na | 1.2 | 1.2 | na | na | na |
| Drinking water violations (facilities) | 40,982 | 41,561 | 40,533 | 42,580 | (1)% | 1% | (4)% |
| *Drinking water violations as % of facilities inspected* | *99%* | *98%* | *87%* | *90%* | *1ppt* | *12ppt* | *9ppt* |
| **Other** | | | | | | | |
| Hazardous waste violations (facilities) | na | 6,068 | 5,420 | 6,211 | na | na | na |
| Pesticide violations (number of federal violations) | na | na | 2,047 | 1,292 | na | na | na |

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

*1. Shown are the number of days among 35 major US cities combined in which the Air Quality Index for ozone and fine particulate pollution ($PM_{2.5}$) combined was unhealthy for sensitive groups or above. A number of factors influence ozone formation, including emissions from cars, trucks, buses, power plants, and industries, along with weather conditions. Weather is especially favorable for ozone formation when it's hot, dry and sunny, and winds are calm and light. Fine particle pollution can be emitted directly from cars, trucks, buses, power plants and industries, along with wildfires and woodstoves. But it also forms from chemical reactions of other pollutants in the air.*

*2. This data provides streamflow, nutrient, pesticide, and sediment data collected and analyzed by the National Water Quality Network and other historical water-quality networks from 1963-2020.*

### Air

Emissions ($CO_2$ equivalents) fluctuated but ultimately decreased when comparing 2013 to 2022 (the latest year for which we have data). By emission type, methane, $CO_2$, and nitrous dioxide decreased 7%, 8%, and 10%, respectively, while fluorinated gas increased 16%. Overall emissions decreased in the electricity, industry, and agriculture sectors by 25%, 5%, and 4%, respectively, while the residential, commercial and transportation sectors increased by 10%, 8%, and 3%, respectively.

Below is a summary of the various emission types:

- *$CO_2$* – enters the atmosphere through burning fossil fuels (coal, natural gas, and oil), solid waste, trees and wood products, and as a result of certain chemical reactions. $CO_2$ is removed from the atmosphere (or "sequestered") when it is absorbed by plants as part of the biological carbon cycle.
- *Methane* – emitted during the production and transport of coal, natural gas, and oil. Methane emissions also result from livestock and other agricultural practices and by the decay of organic waste in municipal solid waste landfills.
- *Nitrous oxide* – emitted during agricultural and industrial activities, as well as during combustion of fossil fuels and solid waste.
- *Fluorinated gases* – synthetic gases that are emitted from a variety of industrial processes. Fluorinated gases are sometimes used as substitutes for stratospheric ozone-depleting substances (e.g., chlorofluorocarbons, hydrochlorofluorocarbons, and halons). They have no significant natural sources and come almost entirely from human-related activities. These gases are typically emitted in smaller quantities, but they are potent and can have long atmospheric lifetimes—in some cases, lasting thousands of years.

Despite decreased emissions in the US, atmospheric $CO_2$ as measured from the Mauna Loa Observatory has increased consistently. Meanwhile, in the metro areas tracked, the number of days the air was considered unhealthy for sensitive groups increased by 21% when comparing 2023 to 2013, partially due to the influx of smoke from Canada's record-breaking wildfires, which drove widespread spikes in pollution across the United States. Of the 35 metropolitan areas tracked for unhealthy air, 24 increased over the decade, and those with the top increases were in the north and south, in Houston, Minneapolis, Chicago, and Indianapolis. In 2023, the metro area with the highest number of unhealthy air days was Los Angeles (87 days, as compared to 102 days in 2013). The metro area with the lowest number of unhealthy air days in 2023 was Orlando with two unhealthy air days, as compared to three unhealthy air days in 2013. Unhealthy air days are generally caused by emissions from cars, trucks, buses, power plants, and industries, along with wildfires and woodstoves.

We have limited historical data on air violations. However, over the past five years, the number of air violations as a percentage of facilities with compliance monitoring activities increased 2 percentage points.

### Water

One measure of water quality that our Government tracks is the quantity of suspended solids in the water. Suspended solids can clog fish gills, either killing them or reducing their growth rate, and reduces light penetration, which reduces the ability of algae to produce food and oxygen. When the water slows down, as when it enters a reservoir, the suspended sediment settles out and drops to the bottom, a process called siltation. This causes the water to clear, but as the silt or sediment settles it may smother bottom-dwelling organisms, cover breeding areas, and smother eggs.

Nutrients, such as nitrogen and phosphorus, are essential for plant and animal growth and nourishment, but the overabundance of certain nutrients in water can cause adverse health and ecological effects. Nitrogen, in the forms of nitrate, nitrite, or ammonium, is a nutrient needed for plant growth. If excess nitrogen is found in the crop fields, the drainage water can introduce it into streams, which will drain into other larger rivers and might end up in the Gulf of Mexico, where excess nitrogen can lead to hypoxic conditions (lack of oxygen).

During the periods presented, water quality as measured by the quantity of sediment associated contaminant concentrations were mixed.

Regarding drinking water violations, the number of facilities inspected and the number of facilities with violations both increased for the decade. Drinking water violations as a percentage of inspections have fluctuated but increased for the decade, at 99% for 2023 as compared to 90% for 2013.

## Agriculture

| Calendar year, except as otherwise noted<br>(In millions of metric tons, except for percentages or otherwise noted) | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Crops harvested (in millions of acres) | 312 | 302 | 316 | 321 | 3% | (1)% | (3)% |
| *Crops harvested per 1,000 acres of cropland* | *934* | *921* | *938* | *950* | *1%* | *—%* | *(2)%* |
| Crop failures (in millions of acres) | 13 | 16 | 12 | 12 | (19)% | 8% | 8% |
| Domestic production of grains and soy (market year) | 508 | 454 | 480 | 468 | 12% | 6% | 8% |
| Domestic consumption of grains and soy (market year) | 402 | 385 | 390 | 370 | 4% | 3% | 8% |
| Excess of grains and soy production over consumption | 106 | 69 | 91 | 98 | 54% | 18% | 8% |
| Domestic production of meat and poultry[1] | 46 | 46 | 44 | 56 | —% | 5% | (19)% |
| Domestic consumption of meat and poultry[1] | 40 | 40 | 38 | 48 | —% | 6% | (16)% |
| Excess of meat and poultry production over consumption[1] | 5 | 6 | 5 | 9 | (5)% | —% | (37)% |

1. *Beef, veal, and swine are categorized as meat.*

Over the past decade, crops harvested decreased overall and per acre while crop failures increased. The US has remained self-sufficient for its major food sources of grains, soy, meat, and poultry by producing more than it consumes. In the last 10 years, our consumption of grains and soy increased, while our consumption of meat and poultry decreased.

## American Dream

The American Dream reporting unit works to equalize opportunity for economic mobility, civil rights, and democratic and community participation in the US.

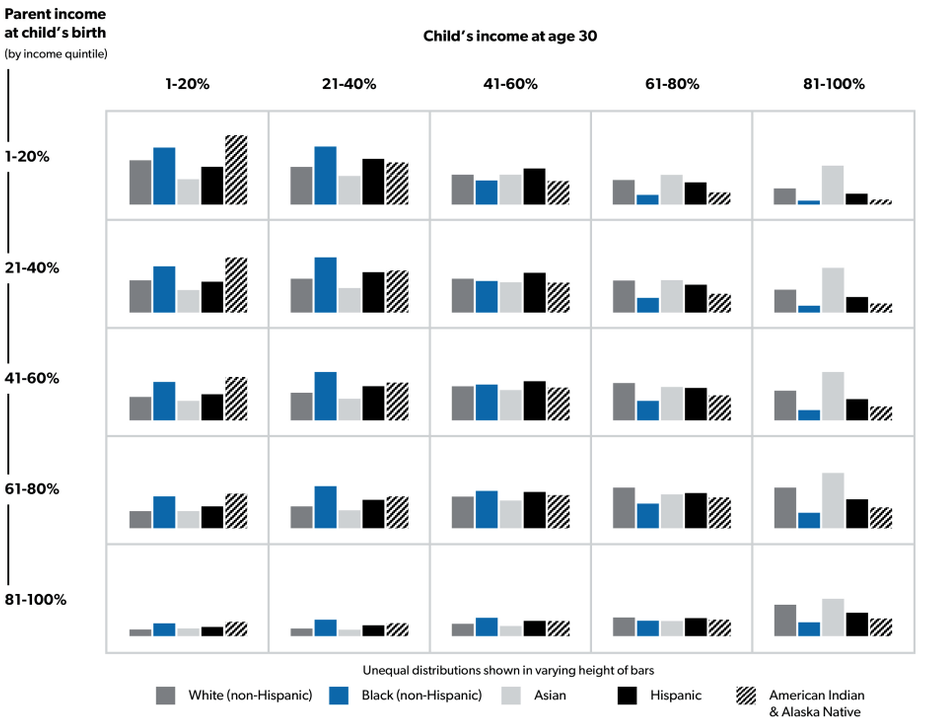
### Economic mobility

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

The chart below (from a study in March 2018 that linked data from the Census Bureau and the IRS, the latest data available) shows differences in economic mobility by race and ethnicity.[84] Looking at the bottom quintile alone shows how both income and race/ethnicity can impact a child's likelihood of moving up. On average, among children born into the bottom quintile:

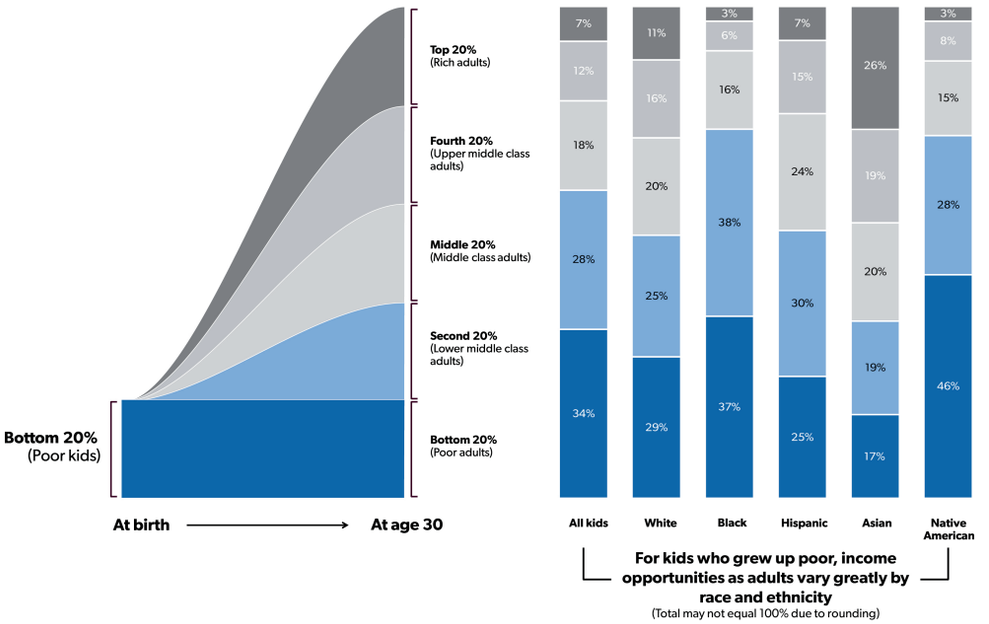
- Asian children have an 83% chance of moving up;
- Hispanic children have a 75% chance of moving up;
- White (non-Hispanic) children have a 71% chance of moving up;
- Black (non-Hispanic) children have a 63% chance of moving up; and
- American Indian/Alaska Native children have a 55% chance of moving up.

What is a person's likely income around age 30 compared to his or her parents' income at birth?



### What economic mobility looks like for children in poverty

Poor children who start out in the bottom 20% have a certain likelihood to "move up" to higher income levels as adults depending on many factors including race and ethnicity.




## Civil rights

Our Government seeks to ensure that minorities are protected and to reduce the number of civil rights crimes in the US.

| | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Hate crime incidents reported (calendar year) | 12,693 | 12,339 | 7,265 | 6,050 | 3% | 75% | 110% |
| *Hate crime incidents reported per 1 million people* | *38* | *37* | *22* | *19* | *3%* | *73%* | *100%* |
| Equal employment charges (fiscal year) | 81,055 | 73,485 | 76,418 | 93,727 | 10% | 6% | (14)% |
| *Equal employment charges per 1 million employees* | *503* | *464* | *491* | *651* | *8%* | *2%* | *(23)%* |
| *Equal employment charges per 1 million job openings* | *5,063* | *4,103* | *5,826* | *7,781* | *23%* | *(13)%* | *(35)%* |
| Housing discrimination complaints (fiscal year) | 11,281 | 11,741 | 7,788 | 8,368 | (4)% | 45% | 35% |
| *Housing discrimination complaints per housing unit* | *78* | *82* | *56* | *63* | *(5)%* | *39%* | *24%* |
| Health discrimination investigations (calendar year) | na | na | 899 | 4,465 | na | na | na |
| *Health discrimination investigations per 1 million people* | *na* | *na* | *3* | *14* | *na* | *na* | *na* |

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

Civil rights outcomes have been mixed over the past decade, however, overall reports of hate crimes increased in 2023 when compared to all prior years presented here and were the highest ever reported. When comparing 2023 to 2013, overall reports of hate crime incidents increased 110%. By bias motivation, when comparing 2013 to 2022 (the latest period for which we have detailed data), the motivations with the largest rate increases were gender identity (up 1,413% or 438) and gender (up 375% or 75).

Compared to a decade ago, equal employment charges decreased overall, and for most categories. When comparing 2013 to 2022 (the latest period for which we have detailed data), charges decreased for race, sex, national origin, retaliation, and age, while increasing for color of skin and religion. By category of discrimination, the categories with largest percentage decreases were national origin (down 48% or 5,142) and age (down 46% or 9,896 charges), while the categories with the largest percentage increases were religion (up 271% or 10,093) and color of skin (up 30% or 942).

Housing discrimination complaints increased compared to a decade ago, in total and on a per unit basis. By category of discrimination, for 2022 (the latest year for which we have detailed data), the largest percentage increase was color (up 108% or 184), and the category with the largest percentage decrease was familial status (down 36% or 408). Health discrimination complaints decreased from 2013 to 2021 (the latest period for which we have data) in total and on a per unit basis.

## Democratic participation

Our Government seeks to encourage civic participation, including voting. The voting-age population was 260 million in 2024 (the latest presidential election included within the periods presented here), an increase of 3% over 2020. Among people of voting age, 65% were registered to vote in 2024, while among citizens of voting age, the registered proportion was 74%. That level was the highest since 1996 but was down from a peak of 75% in 1992.

| Calendar year | 2024 | 2020 | 2016 | 2012 | Change 2024 vs. 2020 | Change 2024 vs. 2016 | Change 2024 vs. 2012 |
|---|---|---|---|---|---|---|---|
| Rate of citizen voting in presidential elections | 65% | 67% | 61% | 62% | (2)ppt | 4ppt | 3ppt |
| *Rate of voting per registered voter* | *89%* | *92%* | *87%* | *87%* | *(3)ppt* | *2ppt* | *2ppt* |

Ultimately, the proportion of US citizens of voting age who voted in presidential elections increased over the period presented, though voting rates have varied by demographic over time:

- the voting rate for women has been higher than for men since 1980;
- by age, the lowest voting rate in 2024, 44%, was among 18 to 24-year-olds, while the highest, 72%, was among voters age 65 and older;
- among people with less than a ninth-grade education, the voting rate in 2024 was 16%, while among those with a bachelor's degree or more, it was 73%;
- regionally, the voting rate in 2024 was highest in the Midwest (65%) and lowest in the South (57%); and
- by race and ethnicity, the voting rate for citizens in 2024 was highest among non-Hispanic white people, at 71%, followed by Black people, at 60%. Participation in 2024 was lowest among Asian (57%) and Hispanic (51%) people.

| Calendar year | 2022 | 2018 | 2014 | 2010 | Change 2022 vs. 2018 | Change 2022 vs. 2014 | Change 2022 vs. 2010 |
|---|---|---|---|---|---|---|---|
| Rate of citizen voting in midterm elections | 52% | 53% | 42% | 46% | (1)ppt | 10ppt | 6ppt |
| *Rate of voting per registered voter* | *48%* | *49%* | *39%* | *42%* | *(1)ppt* | *9ppt* | *6ppt* |

Voting rates are even lower in nationwide midterm elections when citizens choose all members of the US House of Representatives and a third of the Senate but not the president. The midterm-voting rate has fluctuated over time and had been falling since 2006 but reversed trend temporarily in 2018 when it reached an all-time high, resulting in overall growth for the decade.

The voting-age population was 255 million in the 2022 midterm elections, an increase of 2% over the previous midterms in 2018. Among people of voting age, 63% were registered to vote in 2022. Demographically:

- since 1984, women have been more likely to vote in midterm elections than men;
- as in presidential elections, voting frequency in midterms generally increases with age and educational attainment. The age group 65-74 years old had the highest midterm voting rate amongst all age groups reported in 2022, at 65%. The group with bachelor's degrees or higher had the highest rate of voting at 62% in 2022;
- by race and ethnicity, white, non-Hispanic people had their highest midterm voting rate in 2022, when it reached 57%, the highest rate among all races and ethnicities for any of the periods reported. Hispanic people of any race consistently had the lowest midterm voting rates throughout the periods presented here, ranging from 18% in 2014 to 29% in 2018; and

- the Midwest region had the highest midterm voting rate throughout the periods presented here, ranging from a low of 42% in 2014 to a high of 54% in 2018. The region with the lowest voting rate was the South for all midterm periods presented, ranging from a low of 38% in 2014 to a high of 54% in 2018, except in 2014 when the voting rate was lowest in the Northeast at 36%.

## Community participation

Our Government seeks to encourage the building of strong communities throughout the US.

| Fiscal year, except as otherwise noted | 2023 | 2022 | 2018 | 2013 | Change 2023 vs. 2022 | Change 2023 vs. 2018 | Change 2023 vs. 2013 |
|---|---|---|---|---|---|---|---|
| Volunteering rate | 28% | na | na | 25% | na | na | 3ppt |
| Median volunteer hours per year | na | na | na | 50 | na | na | na |
| Tax deductible giving (in millions, tax year) | $ 211,975 | $ 222,385 | $ 196,956 | $ 194,664 | (5)% | 8% | 9% |
| *Tax deductible giving adjusted for inflation* | *$ 211,975* | *$ 231,539* | *$ 238,993* | *$ 254,615* | *(8)%* | *(11)%* | *(17)%* |
| *Tax deductible giving per $100,000 of AGI* | *$ 140* | *$ 150* | *$ 171* | *$ 214* | *(7)%* | *(18)%* | *(35)%* |

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

### Volunteering

The proportion of Americans taking part in volunteer activities increased when comparing 2013 to 2023, among males and females. The proportion of Americans who volunteered rose among those with less than a high school diploma but declined for individuals with a bachelor's degree or higher and for those with only a high school diploma. Volunteering in 2023 was most prevalent among people ages 70 to 79, at 63% of this population, and least prevalent in the youngest age groups tracked, ages 16 to 17 and ages 18 to 24, who volunteered at rates of 38% and 36%, respectively. Throughout the decade, for those years for which we have information, people with higher levels of education (a bachelor's degree or higher) and women were more likely to volunteer than people with less education and men. In 2015 (the latest year for which the detailed data was available), men who volunteered were most likely to engage in general labor (12%); coach, referee, or supervise sports teams (9%); or collect, prepare, distribute, or serve food (9%). Female volunteers were most likely to collect, prepare, distribute, or serve food (13%); tutor or teach (11%); or fundraise (10%).

With respect to median volunteer hours, the number of hours per year remained steady between 2010 and 2015 (the latest year for which we have information). In 2015, the most hours were worked by those ages 65 and older (decreasing 2% from 2010), while the least hours were worked by those ages 16 to 34 (decreasing 10% from 2010).

### Philanthropy

Americans claimed $212 billion in charitable deductions in tax year 2023, for an average of $18,044 per tax return with claims. This is compared with $195 billion in charitable deductions, or an average of $5,343 per tax return, in tax year 2013. Charitable deductions decreased in 2023 potentially due to changes in tax law from the TCJA, which made claiming the standard deduction more attractive than itemizing deductions (including charitable deductions), for many tax filers.

Charitable deductions generally increase as income increases. By income cohort:

- the group with the greatest number of associated tax returns in both 2023 and 2013 were those with AGI between $100,001 and $200,000, who claimed an aggregate of $35 billion in charitable deductions in 2023, or an average of $9,001 per tax return, and an aggregate of $47 billion in 2013, or an average of $4,092 per tax return; and
- the group with the greatest dollars claimed per tax return were those with AGI of $10 million or more, who claimed an aggregate of $50 billion in charitable deductions in 2023, or an average of $1.9 million per tax return. This is compared to an aggregate of $28 billion in 2013, or an average of $2.3 million per tax return.

# Financial condition[59]

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

| (In billions) Year Ended September 30, | 2023 | 2022 | 2021 | 2020 | 2010 | 2000 | 1990 | 1980 |
|---|---|---|---|---|---|---|---|---|
| **As reported**[1] | | | | | | | | |
| Cash, cash equivalents, and short-term investments | $ 2,476 | $ 2,365 | $ 1,933 | $ 3,241 | $ 1,333 | $ 571 | $ 419 | $ 315 |
| Total assets | $ 33,019 | $ 31,717 | $ 28,954 | $ 27,898 | $ 17,823 | $ 10,283 | $ 5,674 | $ 3,048 |
| Total liabilities | $ 42,847 | $ 41,022 | $ 39,542 | $ 38,057 | $ 20,992 | $ 9,465 | $ 5,604 | $ 2,164 |
| Net worth | $ (9,828) | $ (9,305) | $ (10,588) | $ (10,159) | $ (3,169) | $ 818 | $ 70 | $ 884 |
| **Adjusted for inflation**[1,2] | | | | | | | | |
| Cash, cash equivalents, and short-term investments | $ 2,476 | $ 2,462 | $ 2,174 | $ 3,816 | $ 1,863 | $ 1,010 | $ 977 | $ 1,165 |
| Total assets | $ 33,019 | $ 33,023 | $ 32,558 | $ 32,845 | $ 24,905 | $ 18,195 | $ 13,228 | $ 11,271 |
| Total liabilities | $ 42,847 | $ 42,711 | $ 44,464 | $ 44,805 | $ 29,333 | $ 16,748 | $ 13,065 | $ 8,002 |
| Net worth | $ (9,828) | $ (9,688) | $ (11,906) | $ (11,960) | $ (4,428) | $ 1,447 | $ 163 | $ 3,269 |

1. *Figures shown here are sourced from the Federal Reserve. The balance sheets we use in all other sections of this document are sourced as described in Exhibit 99.01. Because we are showing more years of financial information than elsewhere in this report, these figures are sourced from the Federal Reserve as this is the only source with an extended time series of combined balance sheet data. Key differences in balance sheets from the two sources are that the Federal Reserve does not include in its data TARP investments, inventories and related property, investments in GSEs, environmental and disposal liabilities, benefits due and payable, loan guarantee liabilities, or other liabilities. They also appear to account for Treasury securities, property, plant, and equipment, and employee and veteran benefits payable on different bases.*
2. *To show the financial highlights in "real" terms, we have calculated and reported inflation-adjusted amounts using the CPI-U with a baseline year of 2023.*

## Liquidity and capital resources

### Cash and other monetary assets

Our Government's cash and other monetary assets increased $65 billion or 3% in 2023 to $1,985 billion, including $922 billion of federal funds and $1,063 billion of state and local funds.

Cash and other monetary assets increased $44 billion or 5% at the federal level, primarily relating to increased unrestricted cash held by the Treasury for federal government-wide operations. The increase in 2023 is due to Treasury investment and borrowing policy decisions to manage the balance and timing of the federal government's cash position. See *Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 2 – Cash and other monetary assets* for more information.

Cash and other monetary assets increased $21 billion or 2% at the state and local government level, reflecting increases across nearly all reported asset types.

Our Government holds cash and monetary assets primarily to fund near-term operations and existing obligations and where otherwise required by law. It also holds international monetary assets in the International Monetary Fund (IMF). The IMF promotes international monetary cooperation and a stable payments system to facilitate growth in the world economy. Further discussion of the federal government's IMF related assets can be found in *Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 2 – Cash and other monetary assets.*

### Debt and equity securities

Our Government's debt and equity securities comprise mainly corporate equities, corporate and foreign bonds, and agency and GSE-backed securities, primarily held at the state and local level. These securities are predominantly US dollar-denominated securities, but also include foreign currency-denominated securities.

Government debt and equity securities increased $214 billion or 3% in 2023 to $6,369 billion. Of the total increase, state and local investments increased $213 billion, while federal investments increased $1 billion. At the state and local level, there was a $170 billion increase in investments of pension assets, which are not considered liquid assets our Government can use for general operations, and an increase of $43 billion related to non-pension assets. The increase in investments of

pension assets was seen across nearly all reported asset types. See *Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 7 – Investments* for more information.

## Off balance sheet assets, liabilities, and other arrangements

There are significant resources available to our Government that extend beyond the assets reflected in the accompanying balance sheets. Those resources include stewardship land (e.g. national parks, wildlife refuges, national forests, and other lands of national and historical significance) and heritage assets (e.g. national monuments and historical sites of historical, natural, cultural, educational, or artistic significance) in addition to our Government's sovereign powers to tax and set monetary policy.

The federal government states that stewardship land and heritage assets are not expected to be used to meet the obligations of the federal government, and as such, they are not recorded as assets on the balance sheet. However, our Government does generate revenues from these assets. See *Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 24 – Stewardship property, plant, and equipment* within this annual report for more information.

The primary cash inflows of our Government come from its ability to tax and set monetary policy, for which there are no assets recorded on the balance sheet. Tax revenue comprised 94% and 95% of our Government's total revenues for 2023 and 2022, respectively.

Our Government has certain obligations and rights related to its relationship with GSEs that may not be recorded on the balance sheet. See *Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 8 – Investments in government-sponsored enterprises* for more information.

Our Government also has certain other obligations that are not legal liabilities recorded on its balance sheets. See *Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 20 – Commitments* and *Note 21 – Contingencies* for more information.

## Debt

Total Government debt held by the public increased $1,936 billion, or 7%, in 2023 to $27,846 billion.

### Federal government

The unified federal budget surplus or deficit is the difference between total federal spending and receipts (e.g. taxes) in a given year. Our Government borrows from the public (increases federal debt levels) to finance deficits by issuing Treasury bills, bonds, and notes. During a budget surplus (i.e. when receipts exceed spending), our Government typically uses those excess funds to reduce the debt held by the public. Total federal government debt held by the public was $24,634 billion at September 30, 2023.

American households and businesses top the list of holders of federal debt securities, owning $11,690 billion at September 30, 2023, or 44% of the total federal debt held by the public.

The second-largest category of holders of federal debt securities are foreign governments and other overseas entities, owning $7,509 billion or 28% of the total federal debt held by the public at September 30, 2023. That proportion has fluctuated over the years and was 47% in 2013 (the first year discussed in this MD&A). The biggest foreign holders of our federal government's debt in 2023 were Japan, holding $1,086 billion or 4%, and Mainland China, with $778 billion or 3% of the balance, or 14% and 10%, respectively, of the foreign-held debt.

The third-largest holder of federal debt is the Federal Reserve, the US central bank. The Federal Reserve's holdings jumped to $5,352 billion at September 30, 2023, as compared to $2,072 billion at September 30, 2013, comprising 20% and 17%, respectively, of the total federal debt held by the public, as it sought to avoid recession and keep the economy growing.

To do that, the Federal Reserve bought large amounts of Treasury securities, particularly from 2020 through 2022, to keep long-term interest rates low. During 2023, the Federal Reserve reduced its holdings of Treasury securities to tighten liquidity and address rising inflation, putting upward pressure on long-term interest rates. Buying Treasury securities pushes up their price, which in turn lowers the interest rate, or yield. That makes it cheaper for companies and individuals to borrow, since many types of loans, including home mortgages, are linked to Treasury yields.

### State and local government

State and local governments generally borrow to finance construction projects, including schools, hospitals, and roads. When these governments borrow, they sell bonds, which represent money that must later be repaid with interest. The state and local government debt balance was $3,212 billion at September 30, 2023.

We are not aware of an aggregated source for a listing of holders of the state and local government debt held by the public.

### Intergovernmental debt

In addition to debt held by the public, our federal government had $6,876 billion in federal intergovernmental debt outstanding at September 30, 2023, which arose when one part of our federal government borrowed from another. This amount represents debt issued by the Treasury and held by federal government accounts, including the Social Security ($2,817 billion) and Medicare ($354 billion) trust funds. Because these amounts are both liabilities of the Treasury and assets of federal government trust funds, they are eliminated as part of the consolidation process for the federal government financial statements. However, when those securities are redeemed, for example, to pay future Social Security benefits, the Treasury will need to obtain the resources necessary to reimburse the trust funds.

There is also intergovernmental debt between the federal and the state and local governments, which generally arises when state and local governments invest in Treasury securities. We eliminated the state and local government holdings of Treasury securities when preparing our combined balance sheets. See *Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 25 – Intergovernmental transfers* for more information.

## Contractual obligations

The following table summarizes the payments due by fiscal year for our Government's outstanding contractual obligations as of September 30, 2023:

| (In billions) | 2024 | 2025-2026 | 2027-2028 | Thereafter | Total |
|---|---|---|---|---|---|
| Long-term debt:[1] | | | | | |
| Federal government Treasury securities principal payments[2] | $ 8,346 | $ 5,317 | $ 3,590 | $ 7,364 | $ 24,617 |
| Federal government Treasury securities interest payments[2] | 452 | 647 | 487 | 2,181 | 3,767 |
| State and local government principal payments[3] | * | * | * | * | 3,212 |
| Federal government long-term operating leases[4] | * | * | * | * | 42 |
| Federal undelivered orders[5] | * | * | * | * | 1,830 |
| Federal other commitments[6] | * | * | * | * | 555 |
| Total contractual obligations | $ 8,798 | $ 5,964 | $ 4,077 | $ 9,545 | $ 34,023 |

* *We are not aware of a source for this data by year.*

1. *Excludes unamortized discounts and agency securities. See* Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 12 – Debt and interest payable *within this annual report.*
2. *These amounts represent principal payments and estimates of the amounts due for interest on federal government debt obligations. We sourced this data from the September 2023 Monthly Statement of the Public Debt report from the Treasury (found at https://fiscaldata.treasury.gov/datasets/monthly-statement-public-debt/summary-of-treasury-securities-outstanding). We included all nonmarketable securities in, and eliminated all intergovernmental amounts from, the "Thereafter" column, as we don't have maturity information for these securities. See* Note 12 – Debt and interest payable. *We calculated the interest payments by multiplying the outstanding Treasury security balances by each security's interest rate, to arrive at an annual expected interest payment. This sum was then multiplied by the number of years remaining on each security as of September 30, 2023, and grouped to arrive at the estimated interest payments for the years presented.*
3. *This amount represents total state and local government debt outstanding on the 2023 balance sheet. We are not aware of an aggregated source that provides the amount of principal debt payments in each of the years shown above. This amount does not include expected interest on the state and local government debt obligations as we are not aware of an aggregated source for this data.*

4. *This amount represents the federal long-term operating leases at September 30, 2023 that require then-future use of financial resources. See* Note 20 – Commitments *for more information. We are not aware of an aggregated source for state and local government long-term operating lease commitments.*
5. *This amount represents the federal government undelivered orders at September 30, 2023, which represent the value of goods and services ordered that had not yet been received as of that date. See* Note 20 – Commitments *for more information. We are not aware of an aggregated source for state and local government undelivered orders.*
6. *This amount represents other federal government commitments at September 30, 2023 that may require then-future use of financial resources. See* Note 20 – Commitments *for more information. We are not aware of an aggregated source for other state and local government commitments.*

## Other expected uses of capital

We expect our Government will continue to invest in major government functions and programs, such as Social Security, Medicare, infrastructure, education, and training, to name a few, in alignment with its overall objectives.

### Social insurance

The largest outlays of the federal government are the various social insurance programs (e.g. Social Security and Medicare) and grants to the states for Medicaid. Our Government records liabilities for social insurance programs when payments are due and payable to beneficiaries or service providers. These liabilities do not encompass total expected future expenditures.

The Treasury, in its *Financial Report of the United States* (the *Financial Report*), provides Statements of Social Insurance (SOSI). The SOSI provide estimates of the potential future obligations for the most significant social insurance programs – Social Security, Medicare, Railroad Retirement, and Black Lung. The estimates represent the actuarial present values of the projected future net expenditures for the programs, generally based on continuation of then-current program provisions and economic and demographic assumptions from the respective programs' trustees over the following 75 years. The estimates at September 30, 2023 show net present values of estimated then-future net expenditures for Social Security, Medicare, and other social insurance programs of $25.2 trillion, $53.1 trillion, and $0.1 trillion, respectively. More information on these programs and the related fiscal projections can be found at *Exhibit 99.05* and *Exhibit 99.06* of this Form 10-K.

### Deferred maintenance and repairs

Deferred maintenance and repairs result from maintenance not being performed on assets on a timely basis. The consequences of not performing regular maintenance and repairs could include increased safety hazards, poor service to the public, higher costs in the future, and inefficient operations. The federal government estimates the cost to bring its property, plant, and equipment to an acceptable condition. These estimates exclude the cost of expanding the capacity of assets or upgrading them to serve needs beyond those originally intended. The federal government estimated that the deferred maintenance and repairs on its buildings, structures, and land was $283.3 billion as of September 30, 2023. Estimated deferred maintenance and repairs costs are not recognized as a liability on the balance sheets.

# Sustainability

## Federal

Our federal government operates at a deficit nearly every year, with cash outflows exceeding inflows. We do not expect existing cash, cash equivalents, short-term investments, and cash flows from operations to be sufficient to fund federal government operations. Rather, we rely on our federal government's ability to issue debt securities or to adjust tax and other revenues to fund its activities. This is true for at least the next 12 months and thereafter for the foreseeable future.

Our federal government's ability to issue debt securities is subject to a statutory debt limit (the Debt Limit) and is impacted by its credit rating. The sum of debt held by the public and intergovernmental debt equals gross federal debt, which (with some adjustments) is the amount subject to the Debt Limit. At September 30, 2023 and 2022, the debt subject to the Debt Limit was $33.1 trillion and $30.9 trillion, respectively. The Debt Limit was suspended under the *Fiscal Responsibility Act of 2023* from June 3, 2023, through January 1, 2025, permitting Treasury to borrow additional funds during that period. At September 30, 2022, the Debt Limit was $31.4 trillion.

As of September 30, 2023, and 2022, the federal government had the top three highest possible credit ratings among the largest credit rating agencies in the US. See *Item 7A. Quantitative and Qualitative Disclosures about Market Risk / Sovereign credit rating* for further information.

According to the Treasury, an important item for citizens to understand is the current fiscal policy and the importance and magnitude of policy reforms necessary to make it sustainable. According to the Treasury, a sustainable policy is one where the ratio of debt held by the public to GDP (the debt-to-GDP ratio) is ultimately stable or declining. GDP measures the size of the nation's economy in terms of the total value of all final goods and services that are produced in a year. The debt-to-GDP ratio is a measure commonly used to gauge a nation's ability to pay its debt, as GDP is one measure of a country's ability to generate the financial resources needed to service its debt. Total Government debt (federal and state and local) held by the public (excluding intergovernmental debt) was $27,846 billion at September 30, 2023, or 99% of GDP, an increase from 98% of GDP at September 30, 2022. Total federal debt (including intergovernmental debt) was 94% of GDP, while federal debt held by the public (excluding intergovernmental debt) was 88% of GDP at September 30, 2023.

The projections in the *Financial Report* at the end of 2023 indicate that the debt-to-GDP ratio was projected to reach 531% in 2098. The debt-to-GDP ratio rises continuously in great part because primary deficits (the total budget deficit excluding net payments) lead to higher levels of debt. Preventing the debt-to-GDP ratio from rising over the 75 years following 2023 was estimated by the Treasury to require some combination of spending reductions and revenue increases that amount to 4.5% of GDP over the projection period as compared to 4.2% from their 2022 estimates. While this estimate of the "75-year fiscal gap" is highly uncertain, the Treasury believes it is nevertheless nearly certain that then-current fiscal policies cannot be sustained indefinitely.

### State and local

We are not aware of a consolidated state and local government source that analyzes its financial sustainability.

## Application of critical accounting policies

Preparing financial statements requires preparers to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by the application of accounting policies. As the combined financial statements in this annual report represent the aggregation of financial data prepared by other entities, and as we do not have complete information about the accounting policies used to prepare the data, we are unable to determine what are the critical accounting policies.

## Item 7A. Quantitative and Qualitative Disclosures about Market Risk[85]

The US is exposed to economic risk from its sovereign credit rating, interest rates, foreign exchange rates, equity prices, and commodity prices. These risks may impact our Government's combined financial statements as well as the overall US economic health and our Government's ability to achieve its objectives.

During fiscal year 2023, the year of focus for this 10-K, the US economy was shaped largely by high inflation and rising interest rates. While inflation declined from 5.4% in January to 3.4% in September, it remained above the Federal Reserve's 2% target. Despite tighter monetary policy, the economy grew at a solid pace, with real GDP rising 3.1% over the first three quarters and the labor market staying strong. Forecasters expect slower GDP growth, a slightly softer labor market, and further easing of inflation in 2024, though uncertainty remains high as the economy adjusts to structural changes such as hybrid work, clean-energy transitions, and rapid advancements in artificial intelligence (AI).

Financial conditions tightened notably in 2023 as interest rates increased across the yield curve. Treasury yields rose to their highest levels since 2007, and although volatility was elevated, market functioning remained generally resilient. Higher rates pose risks by increasing debt-servicing burdens and reducing the value of fixed-income assets, while banks have tightened lending standards amid deposit-outflow concerns and a cautious outlook. Commercial real estate refinancing risk is elevated due to significant 2024 maturities. Nonbank financial institutions continue to grow in influence, prompting closer monitoring of sectors such as nonbank mortgage servicers and private credit.

In 2023, poor risk management and reliance on uninsured deposits exposed vulnerabilities in the banking sector. The failures of Silicon Valley Bank and Signature Bank highlighted that non-global systemically important banks can also threaten financial stability. Other regional banks saw large uninsured deposit withdrawals, raising concerns about further failures and a potential impact on households and businesses. The Treasury, FDIC, and Federal Reserve acted quickly to restore confidence and protect the economy, using tools like the systemic risk exception and the Bank Term Funding Program to successfully contain contagion.

Despite the regional bank stress in the Spring, the US banking system remains resilient overall. US banks continue to have sound levels of regulatory capital and healthy levels of profitability while maintaining ample liquidity buffers. In particular, the global systemically important banks have maintained risk-based capital positions within the range exhibited in the last decade, and experienced deposit inflows during the turmoil in the Spring. However, banks continue to face challenges as interest rates increased further in 2023, leading to market value losses on some bank assets and contributing to rising funding costs. Among some regional and community banks, funding risk and exposure to commercial real estate continue to be vulnerabilities.

The Financial Stability Oversight Council has highlighted emerging and ongoing risks, including the expanding use of AI, cybersecurity threats, and climate-related financial vulnerabilities. AI offers efficiency gains but raises concerns around explainability, data governance, and operational risks associated with third-party vendors. Cyber incidents - from ransomware to data breaches - continue to threaten financial institutions, while increasing climate-driven property-insurance disruptions in states such as California, Florida, and Louisiana pose risks to real estate and mortgage markets. The successful transition away from LIBOR in 2023 removed one major vulnerability, and similar industry preparation will be essential for the 2024 move to T+1 securities settlement.

## Sovereign credit rating

A sovereign credit rating is the credit rating of a country. Sovereign credit ratings give investors insight into the level of economic and political risk associated with investing in a country. The sovereign credit rating usually influences a country's access to international funding and interest rates. A poor US credit rating could have significant impact on global financial markets. The credit ratings for US sovereign debt are published by the three largest credit rating agencies, Standard & Poor's, Moody's, and Fitch. While Standard & Poor's and Moody's ratings were unchanged from the prior year at AA+ and Aaa, respectively, Moody's revised its outlook in 2023 from stable to negative, citing its assessment that the downside risks to the US' fiscal strength have increased and may no longer be fully offset by the sovereign's unique credit strengths. Fitch downgraded its ratings from AAA to AA+ in 2023, citing expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance relative to 'AA' and 'AAA' rated peers over the last two decades that has manifested in repeated debt limit standoffs and last-minute resolutions.

Since early 2020, Congress has enacted several rounds of fiscal assistance to help mitigate the impact of COVID-19 and enable a robust recovery. These programs, which totaled $5.8 trillion through September 2021, have pushed the primary deficit and the amount of public debt outstanding to recent highs. In FY 2023, the federal deficit declined to around $1.7 trillion, less than the $2.8 trillion deficit in FY 2021, in large part due to a decline in fiscal spending related to COVID-19. Treasury net privately held marketable borrowing, however, increased from around $1.4 trillion in FY 2021 to $2.7 trillion in FY 2023, both to meet the government's obligations and to rebuild the Treasury General Account. In 2023, the CBO estimates that federal debt held by the public is projected to rise from 98% of GDP in 2023 to 118% in 2033. There is the potential for an increasing federal government debt burden to negatively impact long-term financial stability. High levels of indebtedness could limit the latitude of the federal government in responding to a future financial crisis. Achieving long-term sustainability of the national budget is important to maintaining global market confidence in US Treasury securities and the financial stability of the US.

## Interest rate

The federal funds rate is maintained by the Federal Reserve and is generally viewed as the base rate for all other interest rates in the US economy. The higher the federal funds rate, the more expensive it is to borrow money. The US federal funds rate can influence domestic and international monetary and financial conditions. See more about the federal funds

rate at *Part I. Item I. Purpose and Function of Our Government / Other related entities / The Federal Reserve* within this report.

In 2020, the Federal Reserve and Treasury undertook a series of extraordinary measures beginning in March to contain the financial fallout from the pandemic. The Federal Reserve lowered the target federal funds rate to near zero and substantially increased purchases of Treasuries and agency MBS to ease trading pressures. This near zero target rate remained through 2021. The target range for the federal funds rate was at its effective lower bound at the beginning of 2022, however, by November, the Federal Reserve had raised the target range to between 3.75% and 4%. In 2022, the 10-year nominal US Treasury security yield rose to its highest level since 2007. The Federal Open Markets Committee (FOMC) tightened monetary policy further during 2023. The FOMC voted to raise the federal funds rate by 25 basis points to 5.25–5.50% at the July 25-26 meeting but left the target unchanged at the September 19-20 meeting. As of September 30, 2023, the target range remained at the highest level since February 2001.[86]

The financial system remained resilient amid the notable increase in interest rates in 2023, as solid economic conditions have supported continued strength in household and business balance sheets, as well as the strong performance of consumer and corporate credit. However, additional increases in market interest rates would further increase debt servicing costs for those borrowers with variable-rate debt or who need to refinance existing debt, as well as reduce the value of existing fixed-income instruments. Moreover, banks have tightened their lending standards in all loan categories, citing a desire to improve their capital and liquidity positions, increased concerns about deposit outflows, and reduced tolerance for risk, as well as uncertainty about the economic outlook. In addition, refinancing risk of commercial real estate loans is elevated due to the sizeable amount of upcoming maturities in 2024. These factors can lead to potential financial stability risks if they result in financial distress among financial institutions and investors that spills over into other financial institutions and the broader system.

## Foreign currency

The currencies of most developed countries are valued based on the demand and supply of the currency. The value of currency can impact economic factors such as trade balance, GDP, and employment.

As COVID-19 spread in early 2020 and financial market strains intensified, investors sought the safety of the US dollar, generating a sharp rise in the value of the nominal trade-weighted dollar. The nominal trade-weighted dollar appreciated 10% from the beginning of the year to its peak on March 23, 2020—with the bulk of this move occurring in March as countries imposed sweeping restrictions on their national economies. The dollar strengthened 3.1% on a nominal trade-weighted basis over the first nine months of 2021, and in 2022, the dollar appreciated broadly against both advanced and emerging market currencies and remained at two-decade highs. The nominal broad dollar was relatively stable in the first half of 2023, weakening slightly but still at a strong level relative to historical values. Over the course of August and September, though, the dollar strengthened nearly 4%, leaving it up 1.1% year-to-date as of end-September. Notably, the dollar strengthened 13.4% against the yen, pushing the yen close to 150 yen per dollar. The dollar is 5.8% stronger against the RMB as expectations for Chinese growth have cooled. As of end-September, the broad dollar has strengthened 1.9% against the basket of advanced economies' currencies and 0.4% against the basket of emerging market economies' currencies.[86]

## Equity

Generally, rising stock prices for companies from a particular country indicate a healthy, growing market, while a downward trend in stocks may reflect weakening fundamentals in a country's economy. Rising stock prices usually indicate net investment in the future health and growth of the economy. An equity index represents a portfolio of securities of a certain market or sector. Global equity indices represent the overall health of the equity market.

The US equity market entered 2020 on the heels of one of its best annual gains in the last two decades. US stocks continued to hit new highs at the start of 2020. However, as COVID-19 intensified and spread to Europe—and the economic impact of sustained lockdown measures became apparent—risk sentiment took a sharply negative turn. Between February 19 and March 23, 2020, the S&P 500 fell by 34%, with industries most directly affected by the virus, such as air carriers, cruise lines, and energy producers, leading the decline in US stocks. During the March 2020 sell-off, the CBOE VIX—a measure of implied stock market volatility conveyed by options prices—spiked to a level exceeding that which was seen during the 2008 financial crisis, reaching 83 in mid-March after entering the year at 14. Realized stock market volatility also exceeded 2008 levels, with the S&P 500 falling by nearly 12% on March 16, 2020, its largest one-day drop since 1987. By the end of March, risk sentiment began to improve amid unprecedented policy easing. Improved market functioning and a rebound in economic activity in the third quarter helped propel a broad-based recovery in global stocks, and the S&P 500 closed up 4% for the year.

US equity prices increased significantly in 2021, driven by strong earnings, reassessments of potential for future earnings growth, historically low interest rates, supportive monetary and fiscal policies, and a more positive economic outlook. However, in 2022, financial conditions tightened sharply as Treasury yields rose and equity prices fell. Broad equity market indices dropped considerably, and the CBOE VIX periodically rose above 30, a level commonly considered as elevated by market participants. In 2023, global stocks rebounded from negative returns in 2022. As of September 30, 2023, the S&P 500 was up 20% when compared to September 30, 2022.

## Commodity

Commodities are generally traded goods such as oil, crops, and minerals for inputs towards the production of other goods or services. The prices of most commodities are generally valued based on the demand and supply of the commodity. Volatility in global price can have extensive implications for both commodity importers and exporters.

Commodities and commodities derivatives markets have experienced several bouts of volatility over the last few years. Commodities prices, which generally fell at the onset of the COVID-19 pandemic, have since rebounded sharply. Aggressive monetary and fiscal stimulus accelerated a sharp rebound in aggregate demand. At the same time, supply for many commodities continued to be constrained by logistical bottlenecks, bad weather, and rising input costs. In 2022, some commodity markets experienced significant strains, especially at the onset of Russia's war against Ukraine. The price of oil rose notably, and natural gas prices jumped sharply, particularly in the European market. Global agricultural commodity prices surged, with the price of wheat, a major export good for Ukraine and Russia, increasing relatively more than other products. In fiscal year 2023, Brent crude oil prices increased 8%, to $96 per barrel at September 30, 2023, while the Henry Hub natural gas spot prices decreased 58% to $2.68 per million Btu over this same period. The price of a bushel of wheat received in the US rose 29% from January 2022 before Russia invaded Ukraine in February, to a peak of $10.90 a bushel in May 2022, before decreasing to $7.06 a bushel in September 2023, ending the fiscal year down 16% from the start of the fiscal year.

# Item 8. Financial Statements and Supplementary Data

## Combined functional income statements

| (In billions)<br>Fiscal Year | 2023 | 2022 | 2018 | 2013 |
|---|---|---|---|---|
| Tax revenues | **$ 6,807** | $ 7,173 | $ 5,031 | $ 4,164 |
| Non-tax revenues | **440** | 385 | 703 | 608 |
| Total revenue | **7,247** | 7,558 | 5,734 | 4,772 |
| Transfer payments to individuals other than personnel and subsidies | **4,414** | 4,564 | 2,959 | 2,436 |
| Compensation for personnel past and present | **2,162** | 2,028 | 1,702 | 1,445 |
| Payments to others for goods and services | **1,050** | 1,169 | 705 | 637 |
| Capital expenditures | **743** | 660 | 574 | 497 |
| Net interest paid | **696** | 558 | 397 | 295 |
| Other (income) expense | **(145)** | (64) | (38) | (30) |
| Total expenditures | **8,920** | 8,915 | 6,299 | 5,280 |
| Net deficit | **$ (1,673)** | $ (1,357) | $ (565) | $ (508) |

## Combined segment income statements

| (In billions)<br>Fiscal Year | 2023 | 2022 | 2018 | 2013 |
|---|---|---|---|---|
| Tax revenues | **$ 6,807** | $ 7,173 | $ 5,031 | $ 4,164 |
| Non-tax revenues | **440** | 385 | 703 | 608 |
| Total revenues | **7,247** | 7,558 | 5,734 | 4,772 |
| Establish justice and ensure domestic tranquility expenditures | **503** | 446 | 381 | 325 |
| Provide for the common defense expenditures | **1,214** | 1,132 | 874 | 832 |
| Promote the general welfare expenditures | **2,409** | 2,344 | 1,539 | 1,307 |
| Secure the blessings of liberty to ourselves and our posterity expenditures | **4,615** | 4,754 | 3,360 | 2,678 |
| General government and other expenditures | **179** | 239 | 145 | 138 |
| Total expenditures | **8,920** | 8,915 | 6,299 | 5,280 |
| Net deficit | **$ (1,673)** | $ (1,357) | $ (565) | $ (508) |

See accompanying notes.

# Combined balance sheets

| (In billions) | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Cash and other monetary assets (Note 2) | **$ 1,985** | $ 1,920 |
| Accounts receivable, net (Note 3) | **926** | 928 |
| Loans receivable, net (Note 4) | **2,011** | 1,786 |
| Negative loan guarantee liabilities (Note 4) | **5** | — |
| Inventory and related property, net (Note 5) | **423** | 407 |
| General property, plant, and equipment, net (Note 6) | **17,131** | 16,235 |
| Investments (Note 7) | **6,369** | 6,155 |
| Investments in government-sponsored enterprises (Note 8) | **240** | 224 |
| Advances and prepayments (Note 9) | **253** | 298 |
| Other assets (Note 10) | **195** | 37 |
| Total assets | **$ 29,538** | $ 27,990 |
| Stewardship property, plant, and equipment (Note 24) | | |
| **Liabilities and equity** | | |
| Accounts payable (Note 11) | **$ 1,388** | $ 1,311 |
| Debt and interest payable (Note 12) | **27,846** | 25,910 |
| Employee and veteran benefits payable (Note 13) | **23,125** | 21,871 |
| Environmental and disposal liabilities (Note 14) | **645** | 626 |
| Benefits due and payable (Note 15) | **326** | 288 |
| Insurance and guarantee program liabilities (Note 16) | **99** | 105 |
| Advances from others and deferred revenue (Note 17) | **355** | 247 |
| Loan guarantee liabilities (Note 4) | **—** | 6 |
| Other liabilities (Note 18) | **771** | 615 |
| Total liabilities | **54,555** | 50,979 |
| Commitments (Note 20) and contingencies (Note 21) | | |
| Accumulated deficit | **(25,017)** | (22,989) |
| Total liabilities and accumulated deficit | **$ 29,538** | $ 27,990 |

See accompanying notes.

# Notes to financial statements

## General note on sources

### Federal government

Federal government amounts and the related text within Notes 2 through 23 and Notes 26 through 30 below were copied from the 2023 United States (US) Treasury *Financial Report of the United States* (the *Financial Report*). We condensed and reordered the *Financial Report* information in reproducing it here to reflect the materiality level of this report, generally rounding dollars to the nearest billion, condensing amounts in tables less than 5% of the respective totals, and deleting the corresponding text. We also excluded the following notes of the *Financial Report* in creating this report:

- *Note 1 – Summary of significant accounting policies* – excluded because aggregated accounting policies for state and local governments are not available, and the federal accounting policies are voluminous and less helpful without the associated state and local government information. Rather, we refer you to each of our sources for information on their accounting policies – see *Exhibit 99.01* within this report for more information on our financial statement sources;
- *Note 19 – Collections and refunds of federal revenue* – excluded because the footnote provides details on federal government revenues shown in the *Financial Report*, whereas our revenues come from a different source and therefore this detail is not applicable to our report; and
- *Note 24 – Long-term fiscal projections and Note 25 – Social insurance* – excluded because these footnotes primarily contain projections that a company would not normally include in its footnotes, though we have provided some supplemental information on potential future social insurance program (e.g. Medicare, Social Security) obligations in *Exhibits 99.05* and *99.06* of this report.

Finally, we supplemented the information in *Note 8 – Investments in government-sponsored enterprises* of the *Financial Report* by providing the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) balance sheets (obtained from their respective Form 10-Ks) and in *Note 26 – Stewardship property, plant, and equipment* of the *Financial Report* by providing tables that show revenues generated from federally owned land, including stewardship land (see source in *Note 24 – Stewardship property, plant, and equipment* below).

Please see also *Note 1 – Accounting policies* below.

### State and local government

State and local government amounts within these footnotes were sourced from the Federal Reserve. We have aggregated certain figures to reflect the materiality level of this report and grouped the figures to match the federal government categories. The Federal Reserve does not provide definitions or other accompanying text for the state and local government data. Therefore, there is a risk that we mapped the state and local government figures to the federal government categories in a different way than the state and local governments or the Federal Reserve would have mapped them. In addition, we have not provided as much information for state and local governments in these footnotes as we have for the federal government due to this data source limitation. We plan to provide more detailed state and local data in the future.

## Note 1 – Accounting policies

### Accounting principles

As discussed under *General note on sources* above, our combined financial statements and accompanying notes represent the aggregation of data prepared by other organizations. The accounting principles, including principles of combination, the preparation of estimates, and the use of assumptions can be found at each respective source. Principles we have applied in addition to theirs are discussed in this note.

## Principles of combination

The combined financial statements have been prepared through the aggregation of federal and state and local government data, as described above. Certain intergovernmental amounts have been eliminated (see *Note 25 – Intergovernmental transfers*) and certain revenues and expenditures have been netted (see *Note 26 – Offsetting amounts*).

## Estimates and assumptions

Preparing financial statements requires management of organizations to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenditures. As our financial statements comprise the combined data of other organizations, the related estimates and assumptions have been made by management of those organizations.

## Changes in prior period amounts

Within our financial statements and footnotes, we have adjusted prior period amounts that our sources have adjusted. In addition, we have reclassified certain prior period amounts to conform to the current period presentation, with no impact on combined net deficit. See details in *Note 19 – Prior-period adjustments*.

# Note 2 – Cash and other monetary assets

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 922 | $ 878 |
| State and local | 1,063 | 1,042 |
| Total cash and other monetary assets | $ 1,985 | $ 1,920 |

## Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| **Unrestricted cash** | | |
| Cash held by Treasury for federal government-wide operations | $ 639 | $ 617 |
| Other | 6 | 4 |
| Restricted cash | 56 | 47 |
| Total cash | 701 | 668 |
| International monetary assets | 196 | 185 |
| Other monetary assets | 25 | 25 |
| Total cash and other monetary assets | $ 922 | $ 878 |

Unrestricted cash includes cash held by the Department of the Treasury (Treasury) for government-wide operations (operating cash) and all other unrestricted cash held by the federal entities. Operating cash represents balances from tax collections, federal debt receipts, and other various receipts net of cash outflows for federal debt repayments and other payments. Treasury checks outstanding are netted against operating cash until they are cleared by the Federal Reserve System. Other unrestricted cash not included in Treasury's operating cash balance includes balances representing cash, cash equivalents, and other funds held by entities, such as undeposited collections, deposits in transit, demand deposits, amounts held in trust, and imprest funds.

Restrictions on cash are due to the imposition on cash deposits by law, regulation, or agreement. Restricted cash is primarily composed of cash held by the Security Assistance Accounts (SAA), which executes Foreign Military Sales. The SAA included $46 billion and $40 billion as of September 30, 2023, and 2022, respectively.

International monetary assets include the US reserve position in the International Monetary Fund (IMF) and additional US holdings of Special Drawing Rights (SDR). The US reserve position in the IMF (denominated in SDRs) had a US dollar equivalent of $32 billion and $31 billion as of September 30, 2023, and 2022, respectively. Only a portion of the US financial subscription to the IMF is made in the form of reserve assets; the remainder is provided in the form of a letter of credit. The balance available under the letter of credit totaled $77 billion and $74 billion as of September 30, 2023, and 2022 respectively. The total amount of SDR holdings of the US (in addition to the reserve position discussed above) resulting from additional IMF allocations and purchases was the equivalent of $163 billion and $154 billion as of September 30, 2023, and 2022, respectively. For more information regarding the US participation in the IMF and SDR, see Treasury's financial statements and *Note 27 – Disclosure entities and related parties*.

### State and local government

| (In billions) | 2023 | 2022 |
|---|---|---|
| **Non-pension** | | |
| Time and savings deposits | $ 370 | $ 354 |
| Security repurchase agreements | 209 | 199 |
| Money market fund shares | 70 | 58 |
| Checkable deposits and currency | 353 | 361 |
| Total non-pension cash and other monetary assets | $ 1,002 | $ 972 |
| **Pension** | | |
| Checkable deposits and currency | $ 29 | $ 28 |
| Other | 32 | 42 |
| Total pension cash and other monetary assets | $ 61 | $ 70 |
| Total cash and other monetary assets | $ 1,063 | $ 1,042 |

## Note 3 – Accounts receivable, net

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 320 | $ 356 |
| State and local | 606 | 572 |
| Total accounts receivable, net | $ 926 | $ 928 |

### Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| **Taxes receivable** | | |
| Taxes receivable, gross | $ 419 | $ 451 |
| Allowance for uncollectible amounts | (229) | (206) |
| Taxes receivable, net | $ 190 | $ 245 |
| **Other accounts receivable** | | |
| Other accounts receivable, gross | $ 235 | $ 205 |
| Allowance for uncollectible amounts | (105) | (94) |
| Other accounts receivable, net | $ 130 | $ 111 |
| Total accounts receivable, net | $ 320 | $ 356 |

Taxes receivable is listed first above due to being the significant portion of total accounts receivable, and the rest are referred to as other accounts receivable. Other accounts receivable, gross includes related interest receivable of $4 billion and $3 billion as of September 30, 2023, and 2022, respectively.

Treasury comprises approximately 58% of the federal government's reported accounts receivable, net, as of September 30, 2023. Treasury accounts for nearly all the reported taxes receivable, which consist of receivables (taxes and associated penalties and interest) supported by a taxpayer agreement, unpaid taxes related to Internal Revenue Code (IRC) section 965, and deferred payments resulting from the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). Examples of receivables supported by a taxpayer agreement are the filing of a tax return without sufficient payment or a court ruling in favor of the Internal Revenue Service. Section 965(h) of the IRC requires taxpayers who are shareholders of certain specified foreign corporations to pay a transition tax on foreign earnings as if those earnings had been repatriated to the US IRC 965(h) allows taxpayers to elect to pay their tax on an eight-year installment schedule. Pursuant to the CARES Act, employers, through December 31, 2020, could defer payment, without penalty, of their portions of the Social Security segment of *Federal Insurance Contributions Act* (FICA) and the employer's and employee representative's share of the Railroad Retirement Tax. Treasury experienced a year over year net decrease of $53 billion primarily due to the reduction in IRC 965(h) and to payments to Treasury of the deferred employer portion of FICA Social Security taxes. Additionally, the $21 billion increase to Treasury's allowance for uncollectible amounts was largely due to an increase in delinquent taxes receivable inventory.

Pursuant to Section 13(c)(4)(G) of the *Federal Deposit Insurance Act*, on March 12, 2023, the Secretary of the Treasury invoked the statutory systemic risk exception to allow the Federal Deposit Insurance Corporation (FDIC) to complete its resolution of both Silicon Valley Bank, Santa Clara, California, and Signature Bank, New York, New York, in a manner that protects uninsured depositors. Accordingly, the FDIC imposed a special assessment on all insured depository institutions to recover the loss to the Deposit Insurance Fund (DIF) arising from the protection of uninsured depositors. This $16 billion receivable was a factor in the year over year increase to other accounts receivable, gross.

The following entities are the main contributors to the federal government's reported accounts receivable, net as of September 30, 2023. Refer to each entity's financial statements for additional information: Treasury, Department of Health and Human Services (HHS), FDIC, the Department of Defense (DOD), the Department of Homeland Security (DHS), the Social Security Administration (SSA), the US Department of Agriculture (USDA), the Department of the Interior (DOI), the Department of Labor (DOL), the Pension Benefit Guaranty Corporation (PBGC), the Department of Veterans Affairs (VA), the Department of Energy (DOE), the Office of Personnel Management (OPM), the Tennessee Valley Authority (TVA), the Department of Justice (DOJ), the United States Postal Service (USPS), Department of Housing and Urban Development (HUD), the Federal Communications Commission, Securities and Exchange Commission (SEC), the Environmental Protection Agency (EPA), and the Farm Credit System Insurance Corporation (FCSIC).

### State and local government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Accounts receivable, net | $ 314 | $ 301 |
| Taxes receivable, net | 292 | 271 |
| Total accounts and taxes receivable, net | $ 606 | $ 572 |

## Note 4 – Loans receivable, net and loan guarantee liabilities

### Loans receivable

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 1,671 | $ 1,411 |
| State and local | 340 | 375 |
| Total loans receivable | $ 2,011 | $ 1,786 |

## Loan guarantee liabilities

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ (5) | $ 6 |
| State and local | — | — |
| Total loan guarantee liabilities | $ (5) | $ 6 |

## Federal government

### Loans receivable, net

| (In billions) | Loans Receivable, Gross | Interest Receivable | Foreclosed Property | Subsidy Cost Allowance | Loans Receivable, Net | Subsidy Expense for the Fiscal Year |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Federal Direct Student Loans – Education | $ 1,336 | $ 83 | $ — | $ (389) | $ 1,030 | $ (117) |
| Disaster Assistance Loans – SBA | 311 | 13 | — | (54) | 270 | 34 |
| Federal Family Education Loans – Education | 79 | 21 | — | (61) | 39 | 2 |
| All other programs | 335 | 31 | 2 | (36) | 332 | 1 |
| Total loans receivable | $ 2,061 | $ 148 | $ 2 | $ (540) | $ 1,671 | $ (80) |

| (In billions) | Loans Receivable, Gross | Interest Receivable | Foreclosed Property | Subsidy Cost Allowance | Loans Receivable, Net | Subsidy Expense for the Fiscal Year |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| Federal Direct Student Loans – Education | $ 1,342 | $ 87 | $ — | $ (612) | $ 817 | $ 385 |
| Disaster Assistance Loans – SBA | 367 | 15 | — | (62) | 320 | 43 |
| Federal Family Education Loans – Education | 80 | 22 | — | (62) | 40 | 11 |
| All other programs | 243 | 25 | 2 | (36) | 234 | 1 |
| Total loans receivable | $ 2,032 | $ 149 | $ 2 | $ (772) | $ 1,411 | $ 440 |

Loans receivable consists primarily of direct loans disbursed by the federal government, receivables related to guaranteed loans that have defaulted, and certain receivables for guaranteed loans that the federal government has purchased from lenders. Direct loans are used to promote the nation's welfare by making financing available to segments of the population not served adequately by non-federal institutions, or otherwise providing for certain activities or investments. For those unable to afford credit at the market rate, federal credit programs provide subsidies in the form of direct loans offered at an interest rate lower than the market rate.

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

Loans receivable, net includes related interest and foreclosed property. Foreclosed property is property that is transferred from borrowers to a federal credit program, through foreclosure or other means, in partial or full settlement of post-1991 direct loans or as compensation for losses that the federal government sustained under post-1991 loan guarantees. Please refer to the financial statements of HUD, USDA, and VA for additional information regarding foreclosed property.

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

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

Education has loan programs that are authorized by Title IV of the *Higher Education Act of 1965*. The William D. Ford Federal Direct Loan Program (referred to as the Direct Loan Program), was established in fiscal year 1994 and offers four types of educational loans: Stafford, Unsubsidized Stafford, Parent Loan for Undergraduate Students, and consolidation loans. With this program, the federal government makes loans directly to students and parents through participating institutions of higher education. Education disbursed approximately $122 billion in direct loans to eligible borrowers in fiscal year 2023 and approximately $120 billion in fiscal year 2022. In fiscal year 2023, there was a $214 billion increase in Education's Federal Direct Loan program primarily due to the combination of 1) broad based debt relief announced in fiscal year 2022 causing a decrease in the net loans receivable reported in fiscal year 2022; and 2) an increase in the net loans receivable balance during fiscal year 2023 largely due to a downward modification to reverse the inclusion of student loan debt relief as a result of the Supreme Court's ruling on June 30, 2023. In fiscal year 2023, there were also upward modifications of $23 billion related to Coronavirus Disease 2019 (COVID-19) administrative actions. In addition, Education stopped all federal wage garnishments and collection actions for borrowers with federally held loans in default. For additional information regarding the CARES Act refer to the financial statements of Education and *Note 29 – COVID-19 activity*.

The SBA makes loans to microloan intermediaries and provides a direct loan program that assists homeowners, renters and businesses recover from disasters. SBA's Disaster Assistance Loan Program makes direct loans to disaster survivors under four categories: physical disaster loans to repair or replace damaged homes and personal property; physical disaster loans to businesses of any size; Economic Injury Disaster Loans (EIDLs) to eligible small business and nonprofit organizations without credit available elsewhere; and economic injury loans to eligible small businesses affected by essential employees called up to active duty in the military reserves. In fiscal year 2023, SBA's credit program receivables saw a decrease of $50 billion from fiscal year 2022 from a decrease in direct disaster loans as a result of disaster lending activity returning to a comparable level with the pre-pandemic period due to the EIDL program no longer approving loans for COVID-19 in fiscal year 2023, recoupment of loans previously dispersed, and current year write-offs.

### Loan guarantee liabilities

| | Loan Guarantee Liabilities | | Principal Amount of Loans Under Guarantee | | Principal Amount Guaranteed by the US | | Subsidy Expense (Income) for the Fiscal Year | |
|---|---|---|---|---|---|---|---|---|
| (In billions) | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Federal Housing Administration Loans – HUD | $ (33) | $ (40) | $ 1,669 | $ 1,534 | $ 1,481 | $ 1,368 | $ (2) | $ (38) |
| Small Business Loans – SBA | 8 | 26 | 166 | 188 | 140 | 164 | (1) | (5) |
| Federal Family Education Loans - Education | 11 | 10 | 81 | 99 | 81 | 99 | 5 | 11 |
| Veterans Housing Benefit Programs – VA | 9 | 10 | 995 | 941 | 250 | 237 | (5) | (2) |
| All other guaranteed loan programs | — | — | 188 | 194 | 173 | 178 | (1) | (2) |
| Total loan guarantee liabilities | $ (5)[1] | $ 6 | $ 3,099 | $ 2,956 | $ 2,125 | $ 2,046 | $ (4) | $ (36) |

1. *Loan guarantees are recorded as a liability except when cash inflows are expected to exceed cash outflows on a present value basis. This results in a negative loan guarantee that is reported as an asset on the Balance Sheet.*

Loan guarantee programs are also used to promote the nation's welfare by making financing available to segments of the population not served adequately by non-federal institutions, or otherwise providing for certain activities or investments. For those to whom non-federal financial institutions are reluctant to grant credit because of the high risk involved, federal credit programs guarantee the payment of these non-federal loans and absorb the cost of defaults.

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

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

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

HUD's Office of Housing promotes equal housing opportunities. It includes Federal Housing Administration (FHA) who provides mortgage insurance on mortgages for single family mortgage loans made by FHA-approved lenders as well as providing mortgage insurance on multifamily rental housing, healthcare facilities and single-family Title I manufactured housing and property improvement loans. FHA strives to meet the needs of many first-time and minority homebuyers who, without the FHA guarantee, may find mortgage credit to be unaffordable or simply unavailable. These programs are a critical component of FHA's efforts to meet the nation's need for decent, safe, and affordable housing. FHA's total loan guarantee subsidy expense increased by $36 billion in fiscal year 2023, primarily due to a smaller downward reestimate in fiscal year 2023 as compared to fiscal year 2022.

The SBA provides guarantees that help small businesses obtain bank loans and licensed companies to make investments in qualifying small businesses. Their business loan programs include the Loan Guaranty program in which the SBA guaranties up to 90% of the amount of loans made by participating banks and other lending institutions to eligible small businesses not able to obtain credit elsewhere. The CARES Act added the Paycheck Protection Program (PPP) which was designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA's Loan Guarantee Liabilities decreased $18 billion primarily because of claim payments to lenders and miscellaneous recoveries in fiscal year 2023, which are mostly attributable to PPP purchase guarantee and forgiveness payments. As of September 2023, over 10.6 million applications have been submitted requesting PPP loan forgiveness, with nearly $760 billion total forgiveness paid. Approximately 96% of total PPP loan value has been forgiven, in full or in part.

Education has loan programs that are authorized by Title IV of the *Higher Education Act of 1965*. The Federal Family Education Loan (FFEL) Program was established in fiscal year 1965 and operates through state and private, nonprofit guaranty agencies that provided loan guarantees on loans made by private lenders to eligible students. The *Student Aid and Fiscal Responsibility Act*, which was enacted as part of the *Health Care Education and Reconciliation Act of 2010* (P.L. 111-152), eliminated the authority to guarantee new FFEL after June 30, 2010.

VA operates the following loan guarantee programs: Housing Guaranteed Loans and Loan Sale Guarantees. The Home Loans program provides loan guarantees to veterans, service members, qualifying dependents, and limited non-veterans to purchase homes and retain homeownership with favorable market terms.

## State and local government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Loans (mortgages) | $ 243 | $ 260 |
| Loan (nonmarketable treasury securities) | 91 | 108 |
| Loans (mortgages) – pensions | 6 | 7 |
| Total loans receivable and loan guarantee liabilities | $ 340 | $ 375 |

# Note 5 – Inventory and related property, net

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 423 | $ 407 |
| State and local | — | — |
| Total inventory and related property, net | $ 423 | $ 407 |

## Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Operating materials and supplies held for use | $ 168 | $ 164 |
| Inventory and operating material and supplies held for repair | 78 | 78 |
| Inventory held for current sale | 78 | 76 |
| Stockpile materials held in reserve for future use | 70 | 59 |
| Operating materials and supplies held in reserve for future use | 30 | 30 |
| Other inventory and related property | 10 | 10 |
| Allowance for loss | (11) | (10) |
| Total inventory and related property, net | $ 423 | $ 407 |

Inventory and related property, net includes inventory, operating materials and supplies, stockpile materials, forfeited property, commodities, seized property, and foreclosed property. DOD comprises approximately 81% of the federal government's inventory and related property, net as of September 30, 2023.

Inventory is tangible personal property that is either held for sale, in the process of production for sale, or to be consumed in the production of goods for sale or in the provision of services for a fee. Examples of inventory include raw materials, finished goods, spare and repair parts, clothing and textiles, and fuels.

Operating materials and supplies held for use consists of tangible personal property to be consumed in normal operations (e.g., spare and repair parts, ammunition, and tactical missiles).

Inventory and operating materials and supplies held for repair are items that require servicing to make them suitable for sale or use. Inventory held for repair is accounted for by the main contributors using the allowance method which values inventory at the same value as a serviceable item. However, an allowance for repairs contra-asset account (e.g., allowance for loss) is established to recognize estimated repair costs in the current period operating expenses. Excess, obsolete, and unserviceable inventory is valued at its net realizable value.

Inventory held for current sale includes items currently for sale or transfer to either entities outside the federal government, or other federal entities.

Stockpile materials are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or local/national emergencies. Stockpile materials are not held with the intent of selling in the ordinary course of business and are restricted unless released by congressional action. Once authorized, the materials (e.g., ores, metals, alloys, and medical supplies) are reclassified to held for sale. Refer to the financial statements of DOD, DOE, and HHS for additional information regarding stockpile materials.

Operating materials and supplies held in reserve for future use are items maintained because they are not readily available in the market or because there is more than a remote chance that they will eventually be needed.

Additional information concerning inventory and related property can be obtained from the financial statements of DOD, DOE, Treasury, HHS, DHS, HUD, VA, USDA, and DOJ.

## State and local government

Based on our review of specific Comprehensive Annual Financial Reports, we know that the state governments do have inventory and related property, however the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source of the data.

# Note 6 – General property, plant, and equipment, net

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 1,235 | $ 1,198 |
| State and local | 15,896 | 15,037 |
| Total general property, plant, and equipment, net | $ 17,131 | $ 16,235 |

## Federal government

| (In billions) | Cost | Accumulated Depreciation/ Amortization | Net | Cost | Accumulated Depreciation/ Amortization | Net |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| Furniture, fixtures, and equipment | $ 1,458 | $ 891 | $ 567 | $ 1,443 | $ 868 | $ 575 |
| Buildings, structures, and facilities | 754 | 449 | 305 | 720 | 422 | 298 |
| Construction in progress | 298 | na | 298 | 260 | na | 260 |
| Other general property, plant, and equipment | 128 | 63 | 65 | 124 | 59 | 65 |
| Total general property, plant, and equipment, net | $ 2,638 | $ 1,403 | $ 1,235 | $ 2,547 | $ 1,349 | $ 1,198 |

[na] *An "na" reference in the table means the data is not applicable.*

General property, plant, and equipment (PP&E) consists of tangible assets, including land. Internal use software, land rights, assets acquired through capital leases, and leasehold improvements are also included. DOD comprises approximately 67% of the federal government's reported general PP&E, net as of September 30, 2023. DOD continues to implement Statement of Federal Financial Accounting Standards (SFFAS) No. 50, *Establishing Opening Balances for General Property, Plant, and Equipment* which permits alternative methods in establishing opening balances for general PP&E and has elected to exclude land and land rights. The total acreage excluded was 23,463,823 as of September 30, 2023, and 22,958,006 as of September 30, 2022. Differences year over year are due to DOD understating general PP&E due to asset balances that had a change in acquisition cost, change in acquisition date, retrospective depreciation adjustments, and unrecorded asset transfers in prior years.

The following entities are the main contributors to the federal government's reported general PP&E net of $1 trillion as of September 30, 2023. Please refer to each entity's financial statements for additional information: DOD, DOE, General Services Administration (GSA), Department of Commerce (DOC), Treasury, HHS, DOI, USPS, DHS, USDA, SSA, National Aeronautics and Space Administration (NASA), VA, TVA, Department of State (State), DOJ, and Department of Transportation (DOT).

Certain PP&E are multi-use heritage assets, see *Note 24 – Stewardship property, plant, and equipment* for additional information on multi-use heritage assets. Please refer to Deferred Maintenance and Repairs (DM&R) and Land and Permanent Land Rights located in the unaudited Required Supplementary Information (RSI) in the *Financial Report* for information concerning the estimated maintenance and repair costs related to PP&E and the federal estimated acreage by predominant use.

## State and local government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Structures | $ 15,381 | $ 14,553 |
| Equipment | 319 | 300 |
| Intellectual property | 196 | 184 |
| Total general property, plant, and equipment, net | $ 15,896 | $ 15,037 |

# Note 7 – Investments

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 131 | $ 130 |
| State and local | 6,238 | 6,025 |
| Total investments | $ 6,369 | $ 6,155 |

## Federal government

| (In billions) | Level 1 | Level 2 | Level 3 | Other | Total |
|---|---|---|---|---|---|
| **As of September 30, 2023** | | | | | |
| **Pension Benefit Guaranty Corporation** | | | | | |
| Asset backed/mortgage-backed securities | $ — | $ 12 | $ — | $ — | $ 12 |
| Corporate bonds and other | — | 17 | — | — | 17 |
| Equity securities | 4 | — | — | 10 | 14 |
| Other securities | 1 | 13 | — | 4 | 18 |
| Total Pension Benefit Guaranty Corporation | 5 | 42 | — | 14 | 61 |
| **National Railroad Retirement Investment Trust** | | | | | |
| US equity | 7 | — | — | — | 7 |
| Other investments | 6 | 2 | — | 8 | 16 |
| Total National Railroad Retirement Investment Trust | 13 | 2 | — | 8 | 23 |
| **Department of the Treasury** | | | | | |
| Investments in Special Purpose Vehicles | — | — | 15 | — | 15 |
| Other investments | 4 | — | 3 | — | 7 |
| Total Department of the Treasury | 4 | — | 18 | — | 22 |
| Tennessee Valley Authority | 2 | 3 | — | 8 | 13 |
| Department of Defense | — | — | — | 9 | 9 |
| All other | — | — | — | 3 | 3 |
| Total investments | $ 24 | $ 47 | $ 18 | $ 42 | $ 131 |

| (In billions) | Level 1 | Level 2 | Level 3 | Other | Total |
|---|---|---|---|---|---|
| **As of September 30, 2022** | | | | | |
| **Pension Benefit Guaranty Corporation** | | | | | |
| Asset backed/mortgage-backed securities | $ — | $ 10 | $ — | $ — | $ 10 |
| Corporate bonds and other | — | 18 | — | — | 18 |
| Equity securities | 3 | — | — | 10 | 13 |
| Other securities | 1 | 11 | — | 4 | 16 |
| Total Pension Benefit Guaranty Corporation | 4 | 39 | — | 14 | 57 |
| **Department of the Treasury** | | | | | |
| Investments in Special Purpose Vehicles | — | — | 18 | — | 18 |
| Other investments | 4 | — | 3 | — | 7 |
| Total Department of the Treasury | 4 | — | 21 | — | 25 |
| National Railroad Retirement Investment Trust | 11 | 2 | — | 9 | 22 |
| Tennessee Valley Authority | 2 | 2 | — | 8 | 12 |
| Department of Defense | — | — | — | 11 | 11 |
| Smithsonian Institution | 1 | — | — | 2 | 3 |
| Total investments | $ 22 | $ 43 | $ 21 | $ 44 | $ 130 |

PBGC, National Railroad Retirement Investment Trust (NRRIT), TVA, and Smithsonian Institution (Smithsonian) apply financial accounting and reporting standards issued by Financial Accounting Standards Board (FASB) and such entities, as permitted by SFFAS No. 47, *Reporting Entity* are consolidated into the federal government's consolidated financial statements without conversion to accounting and reporting standards issued by Federal Accounting Standards Advisory Board (FASAB). PBGC, NRRIT, and TVA also hold investments in Treasury securities which are not included in the above tables, as such investments are eliminated in consolidation.

PBGC insures pension benefits of participants in covered single-employer and multiemployer defined benefit pension plans and values its financial assets at estimated fair value consistent with the standards issued by FASB. PBGC's investments are used to pay future benefits of covered participants.

NRRIT on behalf of the Railroad Retirement Board (RRB), manages and invests railroad retirement assets that are to be used to pay retirement benefits to the nation's railroad workers under the Railroad Retirement System. As an investment company, NRRIT is subject to accounting standards for investment companies issued by FASB.

Treasury's investments consist of foreign currency holdings invested in interest bearing securities issued or held through foreign governments or monetary authorities, Special Purpose Vehicles (SPV), and common stock warrants that include non-federal investment holdings acquired pursuant to the establishment of emergency relief programs in response to the COVID-19 pandemic that are valued at fair value. Common stock warrants provide Treasury with the right to purchase shares of common stock of either publicly or non-publicly traded air carriers.

TVA's investments consist of amounts held in the Nuclear Decommissioning Trust, Asset Retirement Trust, Supplemental Executive Retirement Plan, Deferred Compensation Plan, and Restoration Plan. TVA's qualified benefit pension plan is funded with qualified plan assets.

Certain other investments reported by DOD represent joint ventures with private developers constructing or improving military housing on behalf of the department. Refer to *Note 28 – Public-private partnerships* for additional information.

Please refer to PBGC, NRRIT, TVA, Treasury, DOD, and Smithsonian's financial statements for additional information on these investments and fair value measurement.

## Investments in Special Purpose Vehicles

The SPVs were established by Federal Reserve Bank of New York (FRBNY) and Federal Reserve Bank of Boston (FRBB) for the purpose of making loans, purchasing debt, and other commercial paper of eligible entities affected by COVID-19. The valuation to estimate the investment's fair value incorporates forecasts, projections, and cash flow analyses. Changes in valuation, including impairments, are deemed usual and recurring and thus are recorded as exchange transactions on the Statement of Net Cost and investments on the Balance Sheet. For additional information regarding the recording of revenue and the changes in valuation refer to Treasury's financial statements.

Certain lending facilities were implemented through SPVs, which consist of the Main Street Facilities LLC (MSF), Municipal Liquidity Facility LLC (MLF), and Term Asset Backed Securities II LLC (TALF). The MSF supports lending to small and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 pandemic and have good post-pandemic prospects. The MLF helps state and local governments manage cash flow pressures while continuing to serve households and businesses in their communities. The TALF supports the flow of credit to consumers and businesses for purposes of stabilizing the US financial system. As of January 8, 2021, the SPVs have ceased purchasing of loan participations, eligible notes, and no new credit extensions have been made. For additional information regarding the SPVs refer to Treasury's financial statements and to *Note 27 – Disclosure entities and related parties*.

## Fair Value Measurement

Investments are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB Accounting Standards Codification (ASC) Topic 820. Fair value is a market-based measurement. For some assets, observable market transactions or market information might be available. For other assets, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions.

When a price for an identical asset is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset, including assumptions about risk. As a result, a reporting entity's intention to hold an asset is not relevant when measuring fair value.

The measurement of fair value of an asset is categorized with different levels of fair value hierarchy as follows:

- *Level 1* – unadjusted quoted prices in active markets for identical assets that the reporting entity can access at the measurement date.
- *Level 2* – inputs other than quoted prices included with Level 1 that are based on observable market data (quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets), or that are either directly or indirectly observable for substantially the full term of the asset or liability.
- *Level 3* – inputs that are both unobservable and significant to the overall fair value measurement.
- *Other* – this category contains investments in certain commingled funds and partnerships that are measured at fair value using Net Asset Value (NAV) practical expedient that are not classified within the fair value hierarchy and joint ventures. Please refer to PBGC, NRRIT, TVA, and Smithsonian's financial statements for additional information on investments priced by NAV per share (or its equivalent) practical expedient and DOD's financial statements for additional information about joint ventures.

## State and local government

| (In billions) | 2023 | 2022 |
|---|---|---|
| **Pension** | | |
| Corporate equities | $ 3,054 | $ 2,947 |
| Corporate and foreign bonds | 531 | 515 |
| Other | 1,337 | 1,290 |
| Total pension securities and investments | $ 4,922 | $ 4,752 |
| **Non-pension** | | |
| Agency and GSE-backed securities | $ 410 | $ 397 |
| Other | 906 | 876 |
| Total non-pension securities and investments | $ 1,316 | $ 1,273 |
| Total investments | $ 6,238 | $ 6,025 |

# Note 8 – Investments in government-sponsored enterprises

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 240 | $ 224 |
| State and local | — | — |
| Total investments in government-sponsored enterprises | $ 240 | $ 224 |

## Federal government

| (In billions)<br>2023 | Gross Investments | Cumulative Valuation Loss | Fair Value |
|---|---|---|---|
| Fannie Mae senior preferred stock | $ 190 | $ (56) | $ 134 |
| Freddie Mac senior preferred stock | 115 | (13) | 102 |
| Fannie Mae warrants common stock | 3 | — | 3 |
| Freddie Mac warrants common stock | 2 | (1) | 1 |
| Total investments in government-sponsored enterprises | $ 310 | $ (70) | $ 240 |

| (In billions)<br>2022 | Gross Investments | Cumulative Valuation Loss | Fair Value |
|---|---|---|---|
| Fannie Mae senior preferred stock | $ 178 | $ (62) | $ 116 |
| Freddie Mac senior preferred stock | 107 | (2) | 105 |
| Fannie Mae warrants common stock | 3 | (1) | 2 |
| Freddie Mac warrants common stock | 2 | (1) | 1 |
| Total investments in government-sponsored enterprises | $ 290 | $ (66) | $ 224 |

Congress established Fannie Mae and Freddie Mac as government-sponsored enterprises (GSEs) to provide stability and increase liquidity in the secondary mortgage market and to promote access to mortgage credit throughout the nation. A key function of the GSEs is to purchase mortgages, package those mortgages into securities, which are subsequently sold to investors, and guarantee the timely payment of principal and interest on these securities.

Congress passed the *Housing and Economic Recovery Act of 2008* (P.L. 110-289) in July 2008 in response to the financial crisis that year and the increasingly difficult conditions in the housing market which challenged the soundness and profitability of the GSEs and thereby threatened to undermine the entire housing market. This Act created Federal Housing Finance Agency (FHFA), with enhanced regulatory authority over the GSEs, and provided the Secretary of the

Treasury with certain authorities intended to ensure the financial stability of the GSEs, if necessary. In September 2008, FHFA placed the GSEs under conservatorship and Treasury invested in the GSEs by entering into a Senior Preferred Stock Purchase Agreements (SPSPA) with each GSE. These actions were taken to preserve the GSEs' assets, ensure a sound and solvent financial condition, and mitigate systemic risks that contributed to market instability.

The purpose of such actions is to maintain the solvency of the GSEs so they can continue to fulfill their vital roles in the mortgage market while the Administration and Congress determine what structural changes should be made to the housing finance system. Draws under the SPSPAs would result in an increased investment in the GSEs as further discussed below. Under SFFAS No. 47, *Reporting Entity* criteria, Fannie Mae and Freddie Mac were owned or controlled by the federal government only as a result of: a) regulatory actions (such as organizations in receivership or conservatorship); or b) other federal government intervention actions. Under the regulatory or other intervention actions, the relationship with the federal government was and is not expected to be permanent. These entities are classified as disclosure entities based on their characteristics as a whole. Accordingly, these entities are not consolidated into the federal government's consolidated financial statements; however, the value of the investments in these entities, changes in value, and related activity with these entities are included in the federal government's consolidated financial statements. The net change in valuations of the GSEs include both liquidation preference adjustments and changes in fair value, both of which are discussed below and are included on the Statement of Net Cost.

### Senior preferred stock purchase agreements

In return for committing to maintain the GSEs' solvency by making a quarterly advance of funds to each GSE in an amount equal to any excess of the GSEs' total liabilities over its total assets as of the end of the previous quarter, Treasury initially received from each GSE: 1) 1,000,000 shares of non-voting variable liquidation preference senior preferred stock with a liquidation preference value of $1,000 per share; and 2) a non-transferable warrant for the purchase, at a nominal cost, of 80% of common stock on a fully-diluted basis. The warrants expire on September 7, 2028. Treasury was entitled to distributions on the senior preferred stock equal to 10% per annum fixed rate dividend on the total liquidation preference (as discussed below). This dividend structure was changed in the third amendment in August 2012 to a variable equivalent to the GSEs' positive net worth above a capital reserve amount. The capital reserve amount was initially set at $3 billion for calendar year 2013 and, upon nearing its scheduled decline to zero, was reset at $3 billion in calendar year 2017. On September 27, 2019, Treasury and FHFA amended the SPSPAs to increase the capital reserve amounts of Fannie Mae and Freddie Mac to $25 billion and $20 billion, respectively. In exchange, Treasury's liquidation preference in each GSE was scheduled to gradually increase quarterly up to the adjusted capital reserve amounts based on the quarterly earnings of each GSE.

On January 14, 2021, Treasury and FHFA further amended the SPSPAs to replace the prior variable dividend with an alternative compensation plan for Treasury that permits the GSEs to continue their recapitalization efforts, as prescribed by the GSE capital framework finalized by FHFA in 2020. Under the amended SPSPAs, each GSE is permitted to retain capital until the GSE has achieved its regulatory minimum capital requirement, including buffers (i.e., the capital reserve end date), at which point its cash dividend obligations will resume along with the obligation to pay a periodic commitment fee. As compensation to Treasury for the replacement of the variable dividend, the liquidation preference of Treasury's senior preferred stock in each GSE will increase by the amount of retained capital until each GSE has achieved its capital reserve end date.

Additionally, the January 14 amendment, among other things, imposed restrictions on certain GSE business activities, including purchases of loans backed by investment properties, second homes, and multifamily properties, and on purchases of loans with multiple high-risk characteristics or for cash consideration. On September 14, 2021, Treasury and FHFA agreed to suspend certain business activity restrictions added to the SPSPAs by the January 14 amendment while FHFA undertakes a review of the extent to which these requirements are redundant or inconsistent with existing FHFA standards, policies, and directives. The suspension will terminate six months after Treasury notifies the GSEs. As of September 30, 2023, Treasury has not provided notice to GSEs to terminate the suspension.

For the fiscal year ended September 30, 2023, Treasury's liquidation preference in Fannie Mae and Freddie Mac increased by $13 billion and $8 billion, respectively. For the fiscal year ended September 30, 2022, Treasury's liquidation preference in Fannie Mae and Freddie Mac increased by $19 billion and $12 billion, respectively. The GSEs will not pay a quarterly

dividend until after the capital reserve end date. Treasury received no cash dividends for the fiscal years ended September 30, 2023, and 2022, as the GSEs had not achieved their capital reserve end date as of September 30, 2023, and their positive net worth was below the permitted capital reserve amounts as of September 30, 2023.

The SPSPAs, which have no expiration date, require that Treasury will disburse funds to either GSE if, at the end of any quarter, the FHFA determines that the liabilities of either GSE exceed its assets. Draws from Treasury under the SPSPAs are designed to ensure that the GSEs maintain positive net worth, with a fixed maximum amount available to each GSE under this agreement established as of December 31, 2012 (refer to the "Contingent Liability to GSEs" section below and *Note 21 – Contingencies*). Draws against the funding commitment of the SPSPAs do not result in the issuance of additional shares of senior preferred stock; instead, they increase the liquidation preference of the initial 1,000,000 shares by the amount of the draw. The combined cumulative liquidation preference totaled $305 billion and $284 billion as of September 30, 2023, and 2022, respectively. There were no payments to the GSEs for the fiscal years ended September 30, 2023, and 2022.

### Senior preferred stock and warrants for common stock

In determining the fair value of the senior preferred stock and warrants for common stock, Treasury relied on the GSEs' public filings and press releases concerning their financial statements, as well as non-public, long-term financial forecasts, monthly summaries, quarterly credit supplements, independent research regarding preferred stock trading, independent research regarding the GSEs' common stock trading on the Over-The-Counter Market, discussions with each of the GSEs and FHFA, and other information pertinent to the valuations. Because the senior preferred stock is not publicly traded, there is no comparable trading information available. The fair valuation of the senior preferred stock relies on significant Level 3 unobservable inputs that reflect assumptions about the expectations that market participants would use in pricing.

The fair value of the senior preferred stock considers forecasted cash flows to equity holders and the traded prices of the other equity securities, including the GSEs' common stock and junior preferred stock. The fair value of the senior preferred stock-as measured by unobservable and observable inputs-increased as of September 30, 2023, when compared to September 30, 2022. Fannie Mae's senior preferred stock drove this increase primarily due to higher projected cash flows and a decrease in credit-related expenses.

Factors impacting the fair value of the warrants include the nominal exercise price and the large number of potential exercise shares, the market prices and trading volumes of the underlying common stock as of September 30, the principal market, and the market participants. Other factors impacting the fair value include, among other things, the holding period risk related directly to the assumption of the amount of time that it will take to sell the exercised shares without depressing the market. The fair value of the warrants-as measured by observable inputs-increased at the end of fiscal year 2023, when compared to fiscal year 2022, primarily due to increases in the Level 1 fair value measurement of the market price of the underlying common stock of each GSE.

### Estimation Factors

Treasury's forecasts concerning the GSEs may differ from actual experience. Estimated senior preferred values and future draw amounts will depend on numerous factors that are difficult to predict including, but not limited to, changes in federal government policy with respect to the GSEs, the business cycle, inflation, home prices, unemployment rates, interest rates, changes in housing preferences, home financing alternatives, availability of debt financing, market rates of guarantee fees, outcomes of loan refinancings and modifications, new housing programs, and other applicable factors.

### Contingent liability to GSEs

As part of the annual process undertaken by Treasury, a series of long-term financial forecasts are prepared to assess, as of September 30, the likelihood and magnitude of future draws to be required by the GSEs under the SPSPAs within the forecast time horizon. Treasury used 25-year financial forecasts prepared through years 2048 and 2047 in assessing if a contingent liability was required as of September 30, 2023, and 2022, respectively. If future payments under the SPSPAs are deemed to be probable within the forecast horizon, and Treasury can reasonably estimate such payment, Treasury will accrue a contingent liability to the GSEs to reflect the forecasted equity deficits of the GSEs. Treasury does not discount

this accrued contingent liability, nor take into account any of the offsetting dividends that could be received, as the dividends, if any, would be owed directly to the General Fund. Treasury will adjust such recorded accruals in subsequent years as new information develops or circumstances change.

Based on Treasury's annual assessment, there were no probable future funding draws as of September 30, 2023, and 2022, and thereby no accrued contingent liability. However, as of September 30, 2023, it is reasonably possible that a period of sustained economic and housing market volatility could potentially cause the GSEs to generate quarterly losses of sufficient magnitude to result in future funding draws against the funding commitment. Due to challenges quantifying future market volatility or the timing, magnitude, and likelihood of such events, Treasury could not estimate the total amount of this reasonably possible future funding liability as of September 30, 2023, and 2022. There were no payments to the GSEs for fiscal years ended September 30, 2023, and 2022. At September 30, 2023, and 2022, the maximum remaining contractual commitment to the GSEs for the remaining life of the SPSPAs was $254 billion. Subsequent funding draws will reduce the remaining commitments. Refer to Note 20 – Commitments for a full description of other commitments and risks.

In assessing the need for an estimated contingent liability, Treasury relied on the GSEs' public filings and press releases, including their financial statements, monthly business summaries, and quarterly credit supplements, as well as non-public, long-term financial forecasts, the FHFA House Price Index, discussions with each of the GSEs and FHFA, and other information pertinent to the liability estimates. The forecasts prepared in assessing the need for an estimated contingent liability as of September 30, 2023, include two potential scenarios, with varying assumptions regarding the continuation of the GSEs' new business activities, including purchasing mortgage loans and issuing new guaranteed Mortgage-Backed Securities (MBS). The forecasts as of September 30, 2023, also assumed the maintenance of the GSEs' retained mortgage portfolios below the maximum permitted under the amended SPSPAs.

### Regulatory environment

To date, Congress has not passed legislation nor has FHFA taken action to end the GSEs' conservatorships. The GSEs continue to operate under the direction of FHFA as conservator.

The *Temporary Payroll Tax Cut Continuation Act of 2011* (P.L. 112-78) was funded by an increase of ten basis points in the GSEs' guarantee fees (referred to as "the incremental fees") which began in April 2012 and extended by the *Infrastructure Investment and Jobs Act of 2021* (P.L. 117-58) through September 30, 2032. The incremental fees are remitted to Treasury and not retained by the GSEs and, thus, do not affect the profitability of the GSEs. For fiscal years ended 2023 and 2022, the GSEs remitted to Treasury incremental fees totaling $6 billion and $6 billion, respectively.

## Fannie Mae balance sheet[1,2]

| (In billions) | As of December 31, 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 36 | $ 57 |
| Restricted cash | 33 | 30 |
| Securities purchased under agreements to resell | 31 | 15 |
| Investments in securities[1] | 53 | 51 |
| Mortgage loans of Fannie Mae | 51 | 54 |
| Mortgage loans of consolidated trusts | 4,094 | 4,071 |
| Allowance for loan losses | (9) | (11) |
| Mortgage loans, net of allowance for loan losses | 4,136 | 4,114 |
| Deferred tax assets, net | 11 | 13 |
| Other assets | 25 | 25 |
| Total assets | $ 4,325 | $ 4,305 |
| **Liabilities and equity** | | |
| Debt of Fannie Mae | $ 124 | $ 134 |
| Debt of consolidated trusts | 4,099 | 4,088 |
| Other liabilities | 24 | 23 |
| Total liabilities | 4,247 | 4,245 |
| Fannie Mae stockholders' equity: | | |
| Senior preferred stock | 121 | 121 |
| Other net deficit[2] | (43) | (61) |
| Total equity | 78 | 60 |
| Total liabilities and equity | $ 4,325 | $ 4,305 |

1. *Includes $48 billion as of December 31, 2023 and $47 billion as of December 31, 2022 of Treasury securities that are included in Fannie Mae's other investment portfolio.*
2. *Consists of preferred stock, common stock, accumulated deficit, accumulated other comprehensive income, and Treasury stock.*

Freddie Mac balance sheet[13]

| (In billions) | As of December 31, 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 5 | $ 6 |
| Restricted cash | 1 | 1 |
| Securities purchased under agreements to resell | 95 | 87 |
| Investments in securities | 43 | 39 |
| Mortgage loans: | | |
| Held-for-investment | 3,084 | 3,023 |
| Held-for-sale, at lower-of-cost-or-fair-value | 13 | 12 |
| Total mortgage loans, net | 3,097 | 3,035 |
| Other assets | 40 | 40 |
| Total assets | $ 3,281 | $ 3,208 |
| **Liabilities and equity** | | |
| Accrued interest payable | $ 9 | $ 7 |
| Debt, net | 3,208 | 3,146 |
| Other liabilities | 16 | 18 |
| Total liabilities | 3,233 | 3,171 |
| Total equity | 48 | 37 |
| Total liabilities and equity | $ 3,281 | $ 3,208 |

## State and local government

The Federal Reserve does not provide amounts for investments in GSEs at the state and local government level. We do not know if states have these investments, and if they do, we are not aware of another aggregated source for this data.

# Note 9 – Advances and prepayments

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 253 | $ 298 |
| State and local | — | — |
| Total advances and prepayments | $ 253 | $ 298 |

## Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Department of the Treasury | $ 172 | $ 225 |
| Department of Health and Human Services | 45 | 39 |
| All other | 36 | 34 |
| Total advances and prepayments | $ 253 | $ 298 |

Advances and prepayments are assets that represent funds disbursed in contemplation of the future performance of services, receipt of goods, the incurrence of expenditures, or the receipt of other assets. These include advances to contractors, grantees, Medicare providers, and state, local, territorial, and tribal governments; travel advances; and prepayments for items such as rents, taxes, insurance, royalties, commissions, and supplies.

Until such time as the goods or services are received, contract terms are met or progress has been made, or prepaid expenses expired these should be recorded as assets. Any amounts that are subject to a refund at the time of completion should be transferred to accounts receivable.

Treasury had a large decrease to advances and prepayments due to additional liquidation of advances primarily paid to state, local, territorial, and tribal governments pursuant to the COVID-19 related legislations enacted during fiscal year 2021 and 2020.

### State and local government

The Federal Reserve does not provide amounts for advances and prepayments at the state and local government level. We do not know if states have these liabilities, and if they do, we are not aware of another aggregated source for this data.

## Note 10 – Other assets

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 195 | $ 37 |
| State and local | — | — |
| Total other assets | $ 195 | $ 37 |

### Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| FDIC receivables from resolution activity, net | $ 158 | $ 1 |
| Regulatory assets | 14 | 15 |
| Other | 23 | 21 |
| Total other assets | $ 195 | $ 37 |

Other assets are miscellaneous assets that are not reported elsewhere on the Balance Sheet (e.g., receivables from resolution activity, regulatory assets, investments, and costs related to special projects).

FDIC insures the deposits of insured depository institutions and resolves failed institutions upon appointment of FDIC as receiver. FDIC, as receiver, is responsible for managing and disposing of the assets of failed institutions in an orderly and efficient manner. The receivables from resolutions result from payments to cover insured depositors of failed institutions, advances to resolution entities (receiverships, conservatorships, and bridge institutions) for working capital, and administrative expenses paid on behalf of resolution entities. Assets held by resolution entities are the main source of repayment of FDIC's receivables from resolution activity. Estimates are made for the valuation of the assets held by resolution entities to compute the allowance for credit losses, including FDIC's estimate of future payments on losses incurred on assets sold to an acquiring institution under a shared-loss agreement. Multiple insured institutions failed throughout fiscal year 2023, including Silicon Valley Bank, Signature Bank of New York, First Republic Bank, and Heartland Tri-State Bank. These failures caused the net of receivables from resolution activity to increase from $1 billion as of September 30, 2022, to $158 billion as of September 30, 2023.

The FDIC's estimated cash recoveries are based on asset recovery rates from several sources, which may include the following: actual or pending institution-specific asset disposition data, failed institution-specific asset valuation data, aggregate asset valuation data on several recently failed or troubled institutions, sampled asset valuation data, and empirical asset recovery data based on failures since 2007. Methodologies for determining the asset recovery rates incorporate estimating future cash recoveries, net of applicable liquidation cost estimates, and discounting based on market-based risk factors applicable to a given asset's type and quality. The resulting estimated asset recoveries are then used to derive the allowance for credit losses on the receivables from these resolutions. Estimated asset recoveries on assets in liquidation are regularly evaluated during the year but remain subject to uncertainties because of potential

changes in economic and market conditions, which may cause the actual recoveries to vary significantly from current estimates. Losses on the covered assets are shared between the acquirer of the failed institution and the FDIC, in its receivership capacity, of the failed institution when losses occur through the sale, foreclosure, loan modification, or write-down of loans in accordance with the terms of the shared-loss agreement. The agreements cover a seven- to eight-year period with the receiver covering 50% to 95% of the losses incurred by the acquiring bank. The estimated shared-loss liability is accounted for by the receiver and is included in the calculation of the allowance for credit losses against the corporate receivable from the resolution. The allowance for credit losses increased from $50 billion as of September 30, 2022, to $67 billion as of September 30, 2023.

DOE and TVA record regulatory assets in accordance with FASB ASC Topic 980, *Regulated Operations*. The provisions of this standard require that regulated enterprises reflect rate actions of the regulator in their financial statements, when appropriate. These rate actions can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset, or impose a liability on a regulated enterprise. In order to defer incurred costs under FASB ASC Topic 980, a regulated entity must have the statutory authority to establish rates that recover all costs, and those rates must be charged to and collected from customers. If rates should become market-based, FASB ASC Topic 980 would no longer be applicable, and all the deferred costs under that standard would be expensed. DOE's Bonneville Power Administration (BPA) is responsible for repaying Treasury for transmission and power-generating assets owned by other entities based on this deferred cost. Other regulatory assets for DOE include BPA's fixed schedule of benefit payments for investor-owned utility customers, repayment of debt for terminated nuclear projects, and deferred energy conservation measures relating to fish and wildlife. TVA's regulatory assets represent incurred costs that have been deferred because such costs are probable of future recovery in customer rates.

Items included in other are investments in Multilateral Development Banks (MDB), DOC's cost contribution to buildout/continuing enhancement of the Nationwide Public Safety Broadband Network (NPSBN), DOE's operating non-federal generation, and derivative assets. Additional information concerning other assets can be obtained from the financial statements of FDIC, DOE, TVA, Treasury, DOC, and OPM.

### State and local government

Based on our review of specific state Comprehensive Annual Financial Reports, we know that the state governments do have other assets, however the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source of this data.

## Note 11 – Accounts payable

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 124 | $ 115 |
| State and local | 1,264 | 1,196 |
| Total accounts payable | $ 1,388 | $ 1,311 |

### Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Department of Defense | $ 44 | $ 37 |
| Security Assistance Accounts | 17 | 18 |
| Department of the Treasury | 9 | 8 |
| General Services Administration | 7 | 6 |
| All other | 47 | 46 |
| Total accounts payable | $ 124 | $ 115 |

Accounts payable includes amounts due for goods and property ordered and received, services rendered by other than federal employees, cancelled appropriations for which the federal government has contractual commitments for payment, and non-debt related interest payable.

### State and local government

The Federal Reserve does not provide additional detailed information on the composition of the state and local government accounts payable balance, and we are not aware of another aggregated source of this data.

## Note 12 – Debt and interest payable

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 24,634 | $ 22,680 |
| State and local | 3,212 | 3,230 |
| Total debt and interest payable | $ 27,846 | $ 25,910 |

### Federal government

| (In billions) | Balance 2022 | Net Change during Fiscal Year 2023 | Balance 2023 | Average Interest Rate 2023 | Average Interest Rate 2022 |
|---|---|---|---|---|---|
| **Treasury securities (public)** | | | | | |
| **Marketable securities:** | | | | | |
| Treasury bills[1] | $ 3,644 | $ 1,615 | $ 5,259 | 5.4% | 2.5% |
| Treasury notes[2] | 12,048 | (37) | 12,011 | 2.1% | 1.6% |
| Treasury bonds[3] | 3,868 | 372 | 4,240 | 3.1% | 3.0% |
| Treasury inflation-protected securities (TIPS)[4] | 1,840 | 95 | 1,935 | 0.6% | 0.5% |
| Treasury floating rate notes (FRN)[5] | 626 | (50) | 576 | 5.0% | 3.3% |
| Total marketable Treasury securities | 22,026 | 1,995 | 24,021 | | |
| Nonmarketable securities | 626 | (30) | 596 | 3.7% | 2.7% |
| Net unamortized discounts | (72) | (47) | (119) | | |
| Total Treasury securities, net (public) | 22,580 | 1,918 | 24,498 | | |
| **Agency securities** | | | | | |
| Tennessee Valley Authority | 19 | — | 19 | | |
| Total agency securities, net of unamortized premiums and discounts | 19 | — | 19 | | |
| Accrued interest payable | 81 | 36 | 117 | | |
| Total debt and interest payable | $ 22,680 | $ 1,954 | $ 24,634 | | |

1. *Bills – short-term obligations issued with a term of 1 year or less*
2. *Notes – medium-term obligations issued with a term of 2-10 years. In creating the combined balance sheets, we eliminated Treasury securities held by state and local governments from the Treasury notes balance amounts. We chose this balance as our location of elimination because it is the largest balance in the table, and because the Federal Reserve does not tell us what comprises the state and local balances. See* Note 25 – Intergovernmental transfers *for more information. We do not have information about the associated average interest rates and therefore have not adjusted these rates.*
3. *Bonds – long-term obligations of more than 10 years.*
4. *TIPS – term of 5 years or more.*
5. *FRN – term of 2 years.*

Federal debt held by the public consists of securities outside the federal government held by individuals, corporations, state or local governments, Federal Reserve Banks (FRBs), foreign governments, and other non-federal entities. The above table details federal government borrowing primarily to finance operations and shows marketable and nonmarketable securities at face value less net unamortized premiums and discounts including accrued interest.

Securities that represent federal debt held by the public are issued primarily by Treasury and include:

- interest-bearing marketable securities (bills, notes, bonds, inflation-protected, and FRNs);
- interest-bearing nonmarketable securities (Government Account Series held by fiduciary and certain deposit funds, foreign series, state and local government series, domestic series, and savings bonds); and
- non-interest-bearing marketable and nonmarketable securities (matured and other).

In fiscal year 2020, Treasury expanded its domestic series to include a new special nonmarketable Treasury security, known as a SPV security. Treasury issued these securities to SPVs, which were established by the Federal Reserve to implement its emergency lending facilities under Section 13(3) of the *Federal Reserve Act* to respond to the COVID-19 pandemic. An SPV security is a demand deposit certificate of indebtedness for which interest accrues daily and is paid at redemption. The total amount of SPV redemptions in fiscal year 2023 and 2022 was $4 billion and $7 billion, including $500 million and $100 million in capitalized interest, respectively. There were no new issuances of SPV securities in fiscal year 2023 and 2022. As of September 30, 2023, and 2022, the total amount of SPV securities outstanding was $12 billion and $15 billion, respectively.

Gross federal debt, with some adjustments, is the sum of debt held by the public and intra-governmental debt holdings and is subject to a statutory ceiling (i.e., the debt limit). Prior to 1917, Congress approved each debt issuance. In 1917, to facilitate planning in World War I, Congress and the President first enacted a statutory dollar ceiling for federal borrowing. With the P*ublic Debt Act of 1941* (P.L. 77-7), Congress and the President set an overall limit of $65 billion on Treasury debt obligations that could be outstanding at any one time; since then, Congress and the President have enacted a number of debt limit increases.

Beginning in fiscal year 2021 and continuing into fiscal year 2022 and again in fiscal year 2023, Treasury faced two delays in raising the debt limit that required it to depart from its normal debt management procedures and invoke legal authorities to avoid exceeding the statutory debt limit. During these periods, extraordinary actions taken by Treasury resulted in federal debt securities not being issued to certain federal government accounts with the securities being restored, including lost interest, to the affected federal government accounts subsequent to the end of the delay period. During the first delay, Treasury took extraordinary actions from August 2, 2021, through December 15, 2021. On October 14, 2021, P.L. 117-50 was enacted, which raised the statutory debt limit by $480 billion, from $28 trillion to $29 trillion. Even with this increase, extraordinary measures continued for Treasury to manage below the debt limit. On December 16, 2021, P.L. 117-73 was enacted, increasing the debt limit by $3 trillion, from $29 trillion to $31 trillion. Due to a second delay in raising the statutory debt limit, Treasury took extraordinary actions from January 19, 2023, through June 2, 2023. On June 3, 2023, P.L. 118-5 was enacted suspending the debt limit through January 1, 2025.

As of September 30, 2023, and 2022, outstanding debt obligations subject to the statutory debt limit was $33 trillion and $31 trillion, respectively. The debt subject to the limit includes Treasury securities held by the public (shown in the above table) and intra-governmental debt holdings, with some adjustments. From fiscal year 2022 to fiscal year 2023, interest on Treasury securities held by the public increased from $497 billion to $678 billion. This $182 billion increase primarily resulted from an increase in the outstanding debt held by the public and an increase in the average interest rate (see table above), which were offset by a decrease in inflation adjustments.

## State and local government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Municipal securities | $ 3,212 | $ 3,230 |
| Total debt and interest payable | $ 3,212 | $ 3,230 |

The Federal Reserve does not provide additional detailed information on the composition of the state and local government debt securities held by the public, and we are not aware of another aggregated source of this data that would indicate whether accrued interest is included in the amounts listed above.

# Note 13 – Employee and veteran benefits payable

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 14,348 | $ 12,812 |
| State and local | 8,777 | 9,059 |
| Total employee and veteran benefits payable | $ 23,125 | $ 21,871 |

## Federal government

| | Civilian | | Military | | Total | |
|---|---|---|---|---|---|---|
| (In billions) | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Pension benefits | $ 2,757 | $ 2,556 | $ 2,617 | $ 2,514 | $ 5,374 | $ 5,070 |
| Veterans compensation and burial benefits | na | na | 7,096 | 5,965 | 7,096 | 5,965 |
| Post-retirement health benefits | 397 | 427 | 1,125 | 1,045 | 1,522 | 1,472 |
| Liability for other benefits | 117 | 101 | 239 | 204 | 356 | 305 |
| Total employee and veteran benefits payable | $ 3,271 | $ 3,084 | $ 11,077 | $ 9,728 | $ 14,348 | $ 12,812 |

[na] *An "na" reference in the table means the data is not applicable.*

The federal government offers its employees retirement and other benefits, as well as health and life insurance. The liabilities for these benefits, which include both actuarial amounts and amounts due and payable to beneficiaries and health care carriers, apply to current and former civilian and military employees. The actuarial accrued liability represents an estimate of the present value of the cost of benefits that have accrued, determined based on future economic and demographic assumptions. Actuarial accrued liabilities can vary widely from year to year, due to actuarial gains and losses that result from changes to the assumptions and from experience that has differed from prior assumptions.

OPM administers the largest civilian pension and post-retirement health benefits plans. DOD and VA administer the military pension and post-retirement health benefit plans. Other significant pension plans with more than $10 billion in actuarial accrued liability include those of Foreign Service (State), TVA, and HHS's Public Health Service Commissioned Corps Retirement System. Please refer to the financial statements of the entities listed for additional information regarding their pension plans and other benefits.

In accordance with SFFAS No. 33, *Pension, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*, entities are required to separately present gains and losses from changes in long-term assumptions used to estimate liabilities associated with pensions, Other Retirement Benefits (ORB), and Other Postemployment Benefits (OPEB) on the Statement of Net Cost. SFFAS No. 33 also provides a standard for selecting the discount rate assumption for present value estimates of federal employee pension, ORB, and OPEB liabilities. The SFFAS No. 33 standard for selecting the discount rate assumption requires it be based on a historical average of interest rates on marketable Treasury securities consistent with the cash flows being discounted. Additionally, SFFAS No. 33 provides a standard for selecting the valuation date for estimates of federal employee pension, ORB, and OPEB liabilities that establishes a consistent method for such measurements. This SFFAS No. 33 does not apply to the *Federal Employees' Compensation Act* (FECA) program.

To provide a sustainable, justifiable data resource for the affected entities, Treasury developed a model and methodology for developing these interest rates in fiscal year 2014. The model is based on the methodology used to produce the High Quality Market yield curve pursuant to the *Pension Protection Act of 2006*. As of July 2014, Treasury began releasing interest rate yield curve data using this new Treasury Nominal Coupon Issues (TNC) yield curve, which is derived from Treasury notes and bonds. The TNC yield curve provides information on Treasury nominal coupon issues and the methodology extrapolates yields beyond 30 years through 100 years maturity. The TNC yield curve is used to produce a Treasury spot yield curve (a zero coupon curve), which provides the basis for discounting future cash flows.

In addition to the benefits presented in this note, federal, civilian, and military employees and federal entities contribute to the Thrift Savings Plan (TSP). The TSP is administered by an independent government entity, the Federal Retirement Thrift Investment Board (FRTIB), which is charged with operating the TSP prudently and solely in the interest of the participants and their beneficiaries. Please refer to *Note 23 – Fiduciary activities* for additional information on the TSP.

## Pension benefits

### Change in pension benefits

| | Civilian | | Military | | Total | |
|---|---|---|---|---|---|---|
| **(In billions)** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Actuarial accrued pension liability, beginning of fiscal year | $ 2,556 | $ 2,362 | $ 2,514 | $ 1,934 | $ 5,070 | $ 4,296 |
| **Pension expense** | | | | | | |
| Normal costs | 65 | 56 | 63 | 38 | 128 | 94 |
| Interest on liability | 67 | 65 | 70 | 55 | 137 | 120 |
| Actuarial (gains)/losses (from experience) | 23 | 96 | 33 | 113 | 56 | 209 |
| Actuarial (gains)/losses (from assumption changes) | 154 | 143 | 11 | 377 | 165 | 520 |
| Other | — | (64) | — | 64 | — | — |
| Total pension expense | 309 | 296 | 177 | 647 | 486 | 943 |
| Less benefits paid | (108) | (102) | (74) | (67) | (182) | (169) |
| Actuarial accrued pension liability, end of fiscal year | $ 2,757 | $ 2,556 | $ 2,617 | $ 2,514 | $ 5,374 | $ 5,070 |

### Significant long-term economic assumptions used in determining pension liability and the related expense

| | Civilian | | | | Military | |
|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | 2023 | 2022 |
| | FERS | CSRS | FERS | CSRS | | |
| Rate of interest | 3.0% | 2.4% | 2.9% | 2.3% | 2.9% | 2.8% |
| Rate of inflation | 2.6% | 2.6% | 2.0% | 2.0% | 2.6% | 2.3% |
| Projected salary increases | 2.1% | 2.1% | 1.6% | 1.6% | 2.6% | 2.3% |
| Cost of living adjustment | 2.3% | 2.6% | 1.8% | 2.0% | 2.6% | 2.3% |

### Civilian employees' pension

OPM administers the largest civilian pension plan, which covers substantially all full-time, permanent civilian federal employees. This plan includes two components of defined benefits, the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). The basic benefit components of the CSRS and the FERS are financed and operated through the Civil Service Retirement and Disability Fund (CSRDF), a trust fund. CSRDF monies are generated primarily from employees' contributions, federal entity contributions, payments from the General Fund, and interest on investments in Treasury securities. As of September 30, 2023, USPS has accrued, but not paid OPM, $23 billion in CSRS and FERS retirement benefit expenses since 2014. USPS made a partial payment of $600 million and $500 million in 2023 and 2022, respectively, towards the required payment for FERS amortization. In order for USPS to preserve liquidity and to ensure the ability to fulfill its primary universal service mission was not placed at undue risk, USPS has not made all of the required payments for FERS or CSRS amortization. The cost of each year's payment, including defaulted payments, along with other benefit program costs, are included in USPS' net cost for that year in the consolidated Statements of Net Cost. The liability is not included on the federal government-wide Balance Sheet due to the USPS liability being eliminated with OPM's corresponding receivable.

The civilian pension liability increased by $201 billion, primarily due to higher inflation and salary increase assumptions.

## Military employees' pensions

The Military Retirement System consists of a funded, noncontributory, defined benefit plan for military personnel (Services of Army, Navy, Air Force, Marine Corps, Space Force, and the United States Coast Guard (USCG)) with an entry date prior to January 1, 2018 and the Blended Retirement System (BRS), generally for military personnel with an entry date on or after January 1, 2018. The defined benefit plan includes non-disability retired pay, disability retired pay, survivor annuity programs, Concurrent Retirement and Disability Pay, and Combat-Related Special Compensation. The Service Secretaries may approve immediate non-disability retired pay at any age with credit of at least 20 years of active duty service. Reserve retirees must be at least 60 years old and have at least 20 qualifying years of service before retired pay commences; however, in some cases, the age can be less than 60 if the reservist performs certain types of active service. P.L. 110-181 and P.L. 113-291 includes provisions for a three-month reduction in the reserve retirement age from age 60 for each aggregate of 90 days of certain active-duty service served in any fiscal year after January 28, 2008, or in any two consecutive fiscal years after September 30, 2014. However, in no case may the retirement age drop below age 50. There is no vesting of defined benefits before non-disabled retirement. There are distinct non-disability benefit formulas related to four populations within the Military Retirement System: Final Pay, High-3, Career Status Bonus/Redux, and the BRS enacted in the *National Defense Authorization Act* (NDAA) for fiscal year 2016, effective January 1, 2018. The BRS is a retirement benefit merging aspects of both a defined benefit annuity with a defined contribution account, through the TSP. The date an individual enters the military generally determines which retirement system they would fall under and if they have the option to select, via a one-time irrevocable election, their retirement system. Military personnel with a start date on or after January 1, 2018 are automatically enrolled in BRS. Although all members serving as of December 31, 2017 were grandfathered under the prior retirement system, Active Duty, National Guard and Reserve personnel meeting established criteria may have opted into BRS during calendar year 2018. Under the BRS, retiring members are given the option to receive a portion of their retired pay annuity in the form of a lump sum distribution. For additional information on these benefits, see DOD's Office of Military Compensation website https://militarypay.defense.gov.

The DOD Military Retirement Fund (MRF) was established by P.L. 98-94 (currently 10 U.S.C. §1461-1467) and accumulates funds to finance, on an accrual basis, the liabilities of DOD military retirement and survivor benefit programs. This fund receives income from three sources: monthly normal cost payments from the services to pay for DOD's portion of the current year's service cost; annual payments from Treasury to amortize the unfunded liability and pay for the increase in the normal cost attributable to Concurrent Receipt (certain beneficiaries with combat-related injuries who are receiving payments from VA) per P.L. 108-136; and investment income.

The NDAA for fiscal year 2021, §§ 8224-8225 requires the USCG be covered by the MRF no later than the beginning of fiscal year 2023. For additional information regarding DOD's USCG actuarial liability, please refer to DOD's financial statements.

DOD's Office of the Actuary calculates the actuarial liability annually using economic and demographic assumptions about the future (e.g., mortality and retirement rates). The $103 billion increase in the Military Retirement Pension liability is primarily attributable to interest on the liability and normal cost.

The VA provides eligible veterans and/or their dependents with pension benefits if the veteran died, is over age 65 or is totally disabled, based on annual eligibility reviews. Unlike a traditional pension program, VA pension is only available to veterans who meet the financial means test. As such, only the amounts currently due and payable are reflected as a liability on VA's balance sheet, which is consistent with federal accounting standards. No actuarial liability is recognized for the Net Present Value of projected future benefit payments.

## Veterans compensation and burial benefits

### Change in veterans compensation and burial benefits

| | Compensation | | Burial | | Total | |
|---|---|---|---|---|---|---|
| (In billions) | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Actuarial accrued liability beginning of fiscal year | $ 5,953 | $ 4,291 | $ 12 | $ 11 | $ 5,965 | $ 4,302 |
| **Current year expense** | | | | | | |
| Prior (and past) service costs from program amendments or new programs during the period | 469 | 7 | — | — | 469 | 7 |
| Interest on the liability balance | 168 | 127 | — | — | 168 | 127 |
| Actuarial (gain)/losses (from experience) | 86 | 145 | — | (1) | 86 | 144 |
| Actuarial (gain)/losses (from assumption changes) | 549 | 1,505 | — | 2 | 549 | 1,507 |
| Total current year expense | 1,272 | 1,784 | — | 1 | 1,272 | 1,785 |
| Less benefits paid | (141) | (122) | — | — | (141) | (122) |
| Actuarial accrued liability, end of fiscal year | $ 7,084 | $ 5,953 | $ 12 | $ 12 | $ 7,096 | $ 5,965 |

### Significant long-term economic assumptions used in determining veterans compensation and burial benefits

| | 2023 | 2022 |
|---|---|---|
| Discount rate, Single equivalent | 2.87% | 2.82% |
| Long-term cost of living adjustment rate | 2.40% | 2.40% |

The federal government compensates disabled veterans and their survivors. Veterans' compensation is payable as a disability benefit or a survivor's benefit. Entitlement to compensation depends on the veterans' disabilities incurred in or aggravated during active military service, death while on duty, or death resulting from service-connected disabilities after active duty.

Eligible veterans who die or are disabled during active military service-related causes, as well as their dependents, and dependents of service members who died during active military service, receive compensation benefits. In addition, service members who die during active military service and veterans who separated under other than dishonorable conditions are provided with a burial flag, headstone/marker, and grave liner for burial in a VA national cemetery or are provided a burial flag, headstone/marker and a plot allowance for burial in a private cemetery. These benefits are provided under 38 U.S.C., Part 2, §2301-2308, in recognition of a veteran's military service and are recorded as a liability in the period the requirements are met.

Several significant actuarial assumptions were used in the valuation of compensation and burial benefits to calculate the present value of the liability. A liability was recognized for the projected benefit payments to: 1) those beneficiaries, including veterans and survivors, currently receiving benefit payments; 2) current veterans who are expected in the future to become beneficiaries of the compensation program; and 3) a proportional share of those in active military service as of the valuation date who are expected to be future veterans and to become beneficiaries of the compensation program. Future benefit payments to survivors of those veterans in classes 1, 2, and 3 above are also incorporated into the projection.

The veterans' compensation and burial benefits liability is developed on an actuarial basis. It is impacted by interest on the liability balance, experience gains or losses, changes in actuarial assumptions, prior service costs, and amounts paid for costs included in the liability balance.

The actuarial liability for compensation and burial benefits as of September 30, 2023, was $7 trillion, which represents an increase of $1 trillion from September 30, 2022, liability of $6 trillion. This increase was primarily the result of actuarial losses from assumption changes and prior (past) service costs from program amendments or new programs during the period, which together increased the liability by $1 trillion.

In fiscal year 2023, VA conducted in-depth experience studies and refined several assumptions and methods within the compensation and burial model. These refinements led to an overall increase from assumption changes of $549 billion in the compensation and burial liability as of September 30, 2023.

On August 10, 2022, the *Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics Act of 2022* (PACT Act), P.L. 117-168, was signed into law expanding and extending eligibility for VA benefits and health care for veterans with toxic exposures and veterans of the Vietnam, Gulf War and Post-9/11 eras. The PACT Act is the most significant expansion of benefits for toxic exposed veterans in more than 30 years. Provisions of the PACT Act that directly impact compensation benefits include the addition of over 20 presumptive medical conditions from exposures to burn pits and other toxins. VA reviewed the requirements for estimating the liability impact of the new law in accordance with SFFAS No. 5, *Accounting for Liabilities of the Federal Government* and determined that the impact on the compensation liability is measurable using disability compensation claims data to establish an estimate liability impact of the PACT Act.

In fiscal year 2023, VA assessed the impact of the PACT Act and applied certain updates to the disability compensation model. These modifications led to an increase of $469 billion as prior service costs from plan amendments to the disability compensation liability as of September 30, 2023.

## Post-retirement health benefits

### Change in post-retirement health benefits

| | Civilian | | Military | | Total | |
|---|---|---|---|---|---|---|
| (In billions) | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Actuarial accrued post-retirement health benefits liability, beginning of fiscal year | $ 427 | $ 427 | $ 1,045 | $ 869 | $ 1,472 | $ 1,296 |
| **Post-retirement health benefits expense** | | | | | | |
| Prior (and past) service costs from plan amendments or new plans | — | (28) | — | — | — | (28) |
| Normal costs | 19 | 21 | 34 | 26 | 53 | 47 |
| Interest on liability | 13 | 14 | 31 | 29 | 44 | 43 |
| Actuarial (gains)/losses (from experience) | (2) | — | (39) | (6) | (41) | (6) |
| Actuarial (gains)/losses (from assumption changes) | (43) | 10 | 78 | 150 | 35 | 160 |
| Total post-retirement health benefits expense | (13) | 17 | 104 | 199 | 91 | 216 |
| Less claims paid | (17) | (17) | (24) | (23) | (41) | (40) |
| Actuarial accrued post-retirement health benefits liability, end of fiscal year | $ 397 | $ 427 | $ 1,125 | $ 1,045 | $ 1,522 | $ 1,472 |

### Significant long-term economic assumptions used in determining post-retirement health benefits and the related expense

| | Civilian | | Military | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Rate of interest | 3.1% | 3.1% | 2.9% | 2.9% |
| Single equivalent medical trend rate | 4.9% | 4.5% | 4.9% | 4.6% |
| Ultimate medical trend rate | 4.0% | 3.4% | 4.6% | 4.3% |

### Civilian employees' post-retirement health benefits

The post-retirement civilian health benefit liability is an estimate of the federal government's future cost of providing post-retirement health benefits to current employees and retirees. Although active and retired employees pay insurance premiums under the Federal Employee Health Benefits Program, these premiums cover only a portion of the costs. The OPM actuary applies economic and demographic assumptions to historical cost information to estimate the liability. The decrease in post-retirement health benefit liability of $31 billion is primarily attributable to actuarial gains from assumption changes.

## Military employees' post-retirement health benefits

Military retirees who are not yet eligible for Medicare (and their non-Medicare eligible dependents) are eligible for post-retirement medical coverage provided by DOD. Depending on the benefit plan selected, retirees and their eligible dependents may receive care from military treatment facilities (MTF) on a space-available basis or from civilian providers through TRICARE. This TRICARE coverage is available as Select (a preferred provider health plan that contracts with medical providers to create a network of participating providers; member cost-shares are typically higher for services received out-of-network) and Prime (a health maintenance plan that limits services to a specific network of medical personnel and facilities and usually by requiring referral by a primary-care physician for specialty care; coverage is also available for non-referred and out-of-network care, subject to higher cost-sharing). These post-retirement medical benefits are paid by the DOD Defense Health Program on a pay-as-you-go basis.

Since fiscal year 2002, DOD has provided medical coverage to Medicare-eligible retirees (and their eligible Medicare-eligible dependents). This coverage, called TRICARE for Life (TFL), is a Medicare Supplement plan which includes inpatient, outpatient and pharmacy coverage. Enrollment in Medicare Part B is required to maintain eligibility in TFL. Retirees with TFL coverage can obtain care from MTF on a space-available basis or from civilian providers.

10 U.S.C., Chapter 56 created the DOD Medicare Eligible Retiree Health Care Fund (MERHCF), which became operative on October 1, 2002. The purpose of this fund is to account for and accumulate funds for the health benefit costs of Medicare-eligible military retirees, and their dependents and survivors who are Medicare eligible. The Fund receives revenues from three sources: interest earnings on MERHCF assets, Uniformed Services normal cost contributions, and Treasury contributions. The DOD Medicare-Eligible Retiree Health Care Board of Actuaries (the MERHCF Board) approves the methods and assumptions used in actuarial valuations of the MERHCF for the purpose of calculating the per capita normal cost rates (to fund the annual accrued benefits) and determining the unfunded liability amortization payment (Treasury contribution).

The Secretary of Defense directs the Secretary of the Treasury to make DOD's normal cost payments. The MERHCF pays for medical costs incurred by Medicare-eligible beneficiaries at MTF and civilian providers (including payments to US Family Health Plans for grandfathered beneficiaries), plus the costs associated with claims administration.

DOD's Office of the Actuary calculates the actuarial liabilities annually using assumptions and experience (e.g., mortality and retirement rates, health care costs, medical trend rates, and the discount rate) in accordance with SFFAS No. 33. Actuarial liabilities are calculated for all DOD retiree medical benefits, including both the benefits funded through the MERHCF and the benefits for pre-Medicare retirees who are paid on a pay-as-you-go basis. Military post-retirement health and accrued benefits payable increased $80 billion. The increase is primarily attributable to interest on the liability, normal cost, and changes in assumptions.

In addition to the health care benefits the federal government provides for civilian and military retirees and their dependents, the VA also provides medical care to veterans on an "as available" basis, subject to the limits of the annual appropriations. For the fiscal years 2019 through 2023, the average medical care cost per year was $95 billion.

## Liability for other benefits

Liability for other benefits includes several programs, the largest of which were Veterans education and training benefits with an estimated liability of $198 billion and $170 billion, Life insurance benefits with an estimated liability of $70 billion and $67 billion, FECA benefits with an estimated liability of $34 billion and $33 billion, and Unfunded leave with an estimated liability of $27 billion and $27 billion as of September 30, 2023 and 2022, respectively.

## State and local government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Unfunded pension entitlements | $ 3,290 | $ 3,698 |
| Other pension liabilities | 5,487 | 5,361 |
| Total employee and veteran benefits payable | $ 8,777 | $ 9,059 |

# Note 14 – Environmental and disposal liabilities

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 645 | $ 626 |
| State and local | — | — |
| Total environmental and disposal liabilities | $ 645 | $ 626 |

## Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Department of Energy | $ 534 | $ 520 |
| Department of Defense | 94 | 90 |
| All other entities | 17 | 16 |
| Total environmental and disposal liabilities | $ 645 | $ 626 |

### Department of Energy

After World War II, the US developed a massive industrial complex to research, produce, and test nuclear weapons and commercial nuclear power reactors. The nuclear complex was comprised of nuclear reactors, chemical-processing buildings, metal machining plants, laboratories, and maintenance facilities.

At all sites where these activities took place, some environmental contamination occurred. This contamination was caused by the production, storage, and use of radioactive materials and hazardous chemicals, which resulted in contamination of soil, surface water, or groundwater. The environmental legacy of nuclear weapons production also includes thousands of contaminated buildings and large volumes of waste and special nuclear materials requiring treatment, stabilization, and disposal.

Estimated cleanup costs at sites for which there are no current feasible remediation approaches are excluded from the estimates, although applicable stewardship and monitoring costs for these sites are included. DOE has not been required through regulation to establish remediation activities for these sites.

Estimating DOE's environmental cleanup liability requires making assumptions about future activities and is inherently uncertain. The future course of DOE's environmental cleanup and disposal will depend on a number of fundamental technical and policy choices, many of which have not been made. Some contaminated sites and facilities could be restored to a condition suitable for any desired use or could be restored to a point where they pose no near-term health risks to the surrounding communities. Achieving the former condition of the sites and facilities would have a higher cost which may or may not warrant the cost or be legally required. The environmental and disposal liability estimates include contingency estimates intended to account for the uncertainties associated with the technical cleanup scope of the program. Congressional appropriations at lower-than anticipated levels or lack of congressional approval, unplanned delays in project completions including potential delays due to COVID-19, unforeseen technical issues, obtaining regulatory approval, among other things, could cause increases in life-cycle costs.

DOE's environmental and disposal liabilities also include the estimated cleanup and post-closure responsibilities, including surveillance and monitoring activities, soil and groundwater remediation, and disposition of excess material for sites. DOE is responsible for the post-closure activities at many of the closure sites as well as other sites. The costs for these post-closure activities are estimated for a period of 75 years after the balance sheet date, i.e., through 2098 in fiscal year 2023 and through 2097 in fiscal year 2022. While some post-cleanup monitoring and other long-term stewardship activities post-2098 are included in the liability, there are others DOE expects to continue beyond 2098 for which the costs cannot reasonably be estimated.

A portion of DOE's environmental liability at various field sites includes anticipated costs for facilities managed by DOE's ongoing program operations, which will ultimately require stabilization, deactivation, and decommissioning. The estimates are largely based upon a cost-estimating model. Site specific estimates are used in lieu of the cost-estimating model, when available. Cost estimates for ongoing program facilities are updated each year. For facilities newly contaminated since fiscal year 1997, cleanup costs allocated to the periods benefiting from the operations of the facilities. Facilities' cleanup costs allocated to future periods and not included in the environmental and disposal liabilities amounted to $1 billion for fiscal years ending September 30, 2023, and 2022.

### Department of Defense

DOD has cleanup requirements and conducts the cleanup under Defense Environmental Restoration Program (DERP) at active installations, Base Realignment Closure, and Formerly Used Defense Sites. DOD has additional cleanup requirements for active installations not driven by DERP, weapon systems programs, and chemical weapons disposal programs. The weapons system program consists of chemical weapons disposal, nuclear powered aircraft carriers, nuclear powered submarines, and other nuclear ships. All cleanup efforts are performed in coordination with regulatory entities, other responsible parties, and current property owners, as applicable.

DOD follows *Comprehensive Environmental Response, Compensation, and Liability Act* (CERCLA), *Superfund Amendments and Reauthorization Act* (SARA), *Resource Conservation and Recovery Act* (RCRA) or other applicable federal or state laws to clean up contamination. The CERCLA, SARA, and RCRA require DOD to clean up contamination in coordination with regulatory entities, current owners of property damaged by DOD, and third parties that have a partial responsibility for the environmental restoration. Failure to comply with agreements and legal mandates puts the DOD at risk of incurring fines and penalties.

DOD utilizes an estimating methodology model which includes the use of mathematical equations to convert resources data into cost data to project environmental cleanup cost. DOD validates the models and estimates liabilities based on data received during preliminary assessment and site investigation.

For general PP&E placed into service after September 30, 1997, DOD expenses associated environmental cleanup costs using two methods: physical capacity usage of the assets or systematically recognized over the useful life. DOD expensed cleanup costs for general PP&E placed into service before October 1, 1997, unless costs are to be recovered through user charges. As costs are recovered DOD expenses cleanup costs associated with the asset life that has passed since the general PP&E was placed into service. DOD systematically recognizes the remaining cost over the remaining life of the asset. The unrecognized portion of the estimated total cleanup costs associated with disposal of general PP&E was $5 billion and $4 billion for fiscal years ending September 30, 2023, and 2022, respectively.

DOD is responsible for environmental restoration and corrective action for buried chemical munitions and agents; however, a reasonable estimate is indeterminable because the extent of the buried chemical munitions and agents is unknown. DOD has ongoing studies for the Formerly Utilized Sites Remedial Action Program and will update its estimate as additional information is identified. DOD may incur costs for restoration initiatives in conjunction with returning overseas DOD facilities to host nations. DOD continues its efforts to reasonably estimate required restoration costs.

Environmental liabilities change over time because of laws and regulation updates, technology advances, inflation or deflation factors and disposal plan revisions. DOD revised estimates resulting from previously unknown contaminants, reestimation based on different assumptions, and other changes in project scope.

Please refer to the financial statements of the main contributing entities, DOD and DOE, for additional information regarding environmental and disposal liabilities, including cleanup costs.

Legal contingent liabilities including contingencies related to environmental legal disputes are recognized as an other liability on the Balance Sheet. See *Note 18 – Other liabilities* and *Note 21 – Contingencies* for additional information related to legal contingencies.

### State and local government

The Federal Reserve does not provide amounts for environmental and disposal liabilities at the state and local government level. We do not know if states have these liabilities, and if they do, we are not aware of another aggregated source for this data.

## Note 15 – Benefits due and payable

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 326 | $ 288 |
| State and local | — | — |
| Total benefits due and payable | $ 326 | $ 288 |

### Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal Old-Age and Survivors Insurance - SSA | $ 111 | $ 99 |
| Medicare Insurance (Parts A, B, and D) - HHS | 106 | 85 |
| Grants to States for Medicaid - HHS | 52 | 55 |
| Federal Disability Insurance - SSA | 30 | 24 |
| All other benefits programs | 27 | 25 |
| Total benefits due and payable | $ 326 | $ 288 |

Benefits due and payable are amounts owed to program recipients or medical service providers as of September 30, 2023 that have not been paid. HHS had an increase in entitlement benefits of $18 billion or 13% over fiscal year 2022 that was due to an increase in medical services and claims incurred but not reported. Please refer to the financial statements of SSA, HHS, and DOL for more information.

### State and local government

Based on our understanding of the state and local government, we expect there to be amounts for benefits due and payable, however, the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source of this data.

## Note 16 – Insurance and guarantee program liabilities

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 99 | $ 105 |
| State and local | — | — |
| Total insurance and guarantee program liabilities | $ 99 | $ 105 |

## Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Single-Employer Program - Pension Benefit Guaranty Corporation | $ 74 | $ 78 |
| Federal Crop Insurance - Department of Agriculture | 17 | 17 |
| Other insurance and guarantee programs | 8 | 10 |
| Total insurance and guarantee program liabilities | $ 99 | $ 105 |

The federal government incurs liabilities related to various insurance and guarantee programs as detailed in the table above. *Note 21 — Contingencies* includes a discussion of contingencies and other risks related to significant insurance and guarantee programs. Insurance information and the related liability concerning federal employee and veteran benefits are included in *Note 13 — Employee and veteran benefits payable*. Social insurance and loan guarantees are not considered insurance programs under SFFAS No. 51, *Insurance Programs*, and are accounted for under SFFAS No. 17, *Accounting for Social Insurance*, and SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*. Loan guarantees are disclosed in Note 4 — *Loans receivable, net and loan guarantee liabilities*, and social insurance information is included primarily in the sustainability financial statements and in Note 25 — *Social insurance* of the *Financial Report*.

Insurance and guarantee program liabilities are recognized for known losses and contingent losses to the extent that the underlying contingency is deemed probable and a loss amount is reasonably measurable. Please see *Note 21 — Contingencies* for discussion on the meaning of "probable" depending on the accounting framework used by each significant consolidation entity. PBGC, which insures defined benefit pensions, has the largest insurance and guarantee program liability.

PBGC insures pension benefits for participants in covered defined benefit pension plans. The fiscal year 2023 decrease of $4 billion in PBGC's liability for its two separate insurance programs is comprised of a decrease of $4 billion in the single-employer program liability and an increase of $200 million in the multiemployer program liability. As of September 30, 2023, and 2022, PBGC had total liabilities of $89 billion and $90 billion, respectively. As of September 30, 2023, PBGC's total assets exceeded its total liabilities by $46 billion, and in fiscal year 2022 its total assets exceeded its total liabilities by $38 billion.

On March 11, 2021, the *American Rescue Plan Act of 2021* (ARP) established the Special Financial Assistance (SFA) program for distressed multiemployer pension plans that meet specific eligibility criteria. The SFA program is administered by PBGC and paid in a single lump sum rather than in periodic payments. An application under the ARP must be filed by the eligible plans no later than December 31, 2025. Unlike PBGC's insolvency insurance program for multiemployer plans, which is funded by insurance premiums and investment income, the SFA program is funded by appropriations from the General Fund. The SFA program is intended to enable eligible plans to pay benefits due through plan year 2051, and, as a result, these plans are no longer considered to be liabilities to PBGC. PBGC projects the range of total costs for the SFA program to be between $79 billion and $82 billion, which includes the $46 billion paid during fiscal year 2023 and $8 billion paid in fiscal year 2022. Refer to PBGC's financial statements and fiscal year 2022 Projections Report for additional information.

As of September 30, 2023, and 2022, $17 billion pertain to USDA's Federal Crop Insurance Program (FCIP). The FCIP is administered by the Federal Crop Insurance Corporation (FCIC), which provides insurance to reduce agricultural producers' economic losses due to natural disasters.

As of September 30, 2023, and 2022, $4 billion and $6 billion, respectively, pertain to the DHS National Flood Insurance Program (NFIP), which is included in other insurance and guarantee programs. The NFIP insurance program liability represents an estimate based on the loss and loss adjustment expense factors inherent to the NFIP Insurance Underwriting Operations, including trends in claim severity and frequency. The estimate is driven primarily by the timing and severity of flooding activity in the US and can significantly vary year over year.

## State and local government

The Federal Reserve does not provide amounts for insurance and guarantee program liabilities. We do not know if states have these liabilities, and if they do, we are not aware of another aggregated source for this data.

# Note 17 – Advances from others and deferred revenue

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 355 | $ 247 |
| State and local | — | — |
| Total other liabilities | $ 355 | $ 247 |

## Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Security Assistance Accounts | $ 271 | $ 168 |
| Department of Energy | 53 | 51 |
| All other | 31 | 28 |
| Total advances from others and deferred revenue | $ 355 | $ 247 |

Advances from others and deferred revenue consists of payments received in advance of performance of activities for which revenue has not been earned and other deferred revenue or income received but not yet earned not otherwise classified as advances or repayments. Some examples include deferred project revenue funded in advance, funds received in advance under the terms of a settlement agreement, prepaid postage, and unearned fees, assessments, and surcharges.

SAA advances from others represent liabilities for collections received to cover future expenses or acquisition of assets and are related to contracts authorizing progress payments based on cost as defined in the Federal Acquisition Regulation. In accordance with contract terms, specific rights to the contractors' work vest when a specific type of contract financing payment is made. Due to the probability the contractors will complete their efforts and deliver satisfactory products, and because the amount of potential future payments is estimable, the SAA has recognized a contingent liability for estimated future payments which are conditional pending delivery and federal government acceptance. SAA had a large increase of $103 billion over the previous fiscal year due to increases in cash collections received from foreign partners.

The DOE's Nuclear Waste Fund collects revenues from owners or generators of high-level radioactive waste and Spent Nuclear Fuel (SNF) to pay their share of disposal costs. These revenues are recognized as a financing source as costs are incurred, and revenues that exceed the expenses are considered deferred revenue.

## State and local government

The Federal Reserve does not provide amounts for advances from others and deferred revenue at the state and local government level. We do not know if states have these liabilities, and if they do, we are not aware of another aggregated source for this data.

# Note 18 – Other liabilities

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 653 | $ 495 |
| State and local | 118 | 120 |
| Total other liabilities | $ 771 | $ 615 |

## Federal government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Other liabilities with related budgetary obligations | $ 202 | $ 56 |
| Allocation of special drawing rights | 151 | 147 |
| Other liabilities without related budgetary obligations | 84 | 95 |
| Actuarial liabilities for Treasury-managed benefits program. | 77 | 57 |
| Contingent liabilities | 68 | 51 |
| Other miscellaneous liabilities | 71 | 89 |
| Total other liabilities | $ 653 | $ 495 |

Other liabilities are the amounts owed to the public and are not reported elsewhere in the Balance Sheet.

Other liabilities with related budgetary obligations are amounts of liabilities for which there is a related budgetary obligation. Grant accruals, subsidies, and unpaid obligations related to assistance programs are all part of this category. Substantial contributors to this category are DOT, HHS, DOD, and USDA. A sharp year over year increase occurred due to the failures of First Republic Bank, Silicon Valley Bank, and Signature Bank. The FDIC recorded liabilities totaling $138 billion to resolution entities representing the agreed-upon value of assets transferred from the receiverships, at the time of failure, to the acquiring institutions for use in funding the deposits assumed by the acquiring institutions. The DIF satisfies these liabilities by sending cash directly to a receivership to pay claims, liabilities, and other expenses of the receiverships or by offsetting receivables from resolutions when a receivership declares a dividend.

Allocation of SDR is the amount of corresponding liability representing the value of the reserve assets allocated by the IMF to meet global needs to supplement existing reserve assets. SDR derive their quality as reserve assets from the undertakings of the members to accept them in exchange for “freely useable” currencies (the US dollar, European euro, Chinese renminbi, Japanese yen, and British pound sterling). Treasury is the sole contributor. For additional information, refer to *Note 27 – Disclosure entities and related parties*.

Other liabilities without related budgetary obligations represent those unfunded liabilities for which congressional action is needed before budgetary resources can be provided. The largest contributions to this category are HUD’s Home Equity Conversion Mortgage-Backed Security Obligations, at fair value, and DOE’s contractor-sponsored pension plans and other post-retirement benefits.

Actuarial liabilities for Treasury-managed benefit programs are the amounts recorded by Treasury for actuarial liabilities of future benefit payments to be paid from programs such as the D.C. Federal Pension Fund and the D.C. Judicial Retirement Fund. The only contributors are DOL and Treasury.

Contingent liabilities are amounts that are recognized as a result of a past event where a future outflow or sacrifice of resource is probable and measurable. These consist of a wide variety of administrative proceedings, legal actions, and tort claims which may ultimately result in settlements or decisions adverse to the federal government. DOE and HHS are the top contributors. For additional information, refer to *Note 21 – Contingencies*.

Other miscellaneous liabilities are the liabilities not otherwise classified above. Many entities reported relatively small amounts.

The following entities are the main contributors to the federal government's reported other liabilities as of September 30, 2023: Treasury, FDIC, DOL, DOE, HHS, DOD, HUD, DOJ, DOT, PBGC, USPS, DHS, USDA, Education, DOI, SEC, and State. Refer to each entity's financial statements for additional information.

### State and local government

| (In billions) | 2023 | 2022 |
|---|---|---|
| Depository institution loans | $ 118 | $ 120 |
| Total other liabilities | $ 118 | $ 120 |

## Note 19 – Prior-period adjustments

This note summarizes the restatements that our Government has made of their prior period figures. The effects of these restatements were increases (decreases) in the previously reported values, as follows:

| (In billions) | Federal | State and Local | Combined 2022 |
|---|---|---|---|
| **Income statements** | | | |
| Net deficit | $ 6 | $ (85) | $ (79) |
| Non-tax revenues | — | (19) | (19) |
| Total revenues | $ — | $ (19) | $ (19) |
| Total expenditures | $ — | $ — | $ — |
| *Combined functional income statements* | | | |
| Transfer payments to individuals other than personnel and subsidies | | | |
| Compensation for personnel past and present | — | (5) | (5) |
| Payments to others for goods and services | — | 67 | 67 |
| Capital expenditures | — | 3 | 3 |
| Net interest paid | — | 1 | 1 |
| Other income | (6) | — | (6) |
| *Combined segment income statements* | | | |
| Establish justice and ensure domestic tranquility expenditures | — | 6 | 6 |
| Provide for the common defense | — | 1 | 1 |
| Promote the general welfare | — | 1 | 1 |
| Secure the blessings of liberty to ourselves and our posterity expenditures | — | 35 | 35 |
| General government and other expenditures | (6) | 23 | 17 |
| **Balance sheets** | | | |
| Cash and other monetary assets (Note 2) | $ — | $ (2) | $ (2) |
| Accounts receivable, net (Note 3) | — | 12 | 12 |
| Loans receivable, net (Note 4) | — | 38 | 38 |
| General property, plant, and equipment, net (Note 6) | — | (174) | (174) |
| Investments (Note 7) | — | (46) | (46) |
| Debt and interest payable (Note 12) | 17 | 22 | 39 |
| Employee and veteran benefits payable (Note 13) | — | 13 | 13 |
| Other liabilities (Note 18) | — | 120 | 120 |
| Accumulated deficit | $ (17) | $ (327) | $ (344) |

## Federal government

Because of our process of using the most recent *Financial Report* to develop our federal balance sheets, as described in *General note on sources* above, we will generally not be required to restate our previously reported federal balance sheet disclosures. However, the OMB infrequently restates federal income statement data. Should this occur, we will restate the related federal income statement and footnote figures in our report. In addition, for 2022, we noted a material restatement on the federal balance sheet of debt and interest payable, due to a change in the federal government's methodology for accounting for treasury securities. This change is shown in the table above, and the 2022 figures have been recast in the respective footnote to the financial statements within this report.

## State and local government

The Census and the Federal Reserve restated certain prior year (fiscal year 2022) figures we reported in the state and local financial statements and accompanying footnote disclosures. Generally, the Census and the Federal Reserve do not describe the cause and nature of their restatements.

# Note 20 – Commitments

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 2,427 | $ 2,362 |
| State and local | — | — |
| Total commitments | $ 2,427 | $ 2,362 |

## Federal government

### Long-term operating leases

| (In billions) | 2023 | 2022 |
|---|---|---|
| General Service Administration | $ 29 | $ 28 |
| Department of Veteran Affairs | 7 | 6 |
| Department of Health and Human Services | 2 | 3 |
| Other operating leases | 4 | 5 |
| Total long-term operating leases | $ 42 | $ 42 |

The federal government has entered into contractual commitments that require future use of financial resources. It has significant amounts of long-term lease obligations. Long-term operating leases in this note refer to those leases in which federal entities do not assume the risks of ownership of the underlying general PP&E, and payments are expensed over the lease term. The lease liabilities and assets arising from operating leases for FASB-reporting entities who have implemented FASB ASC 842, *Leases*, are recorded on the Balance Sheet in other liabilities and PP&E, respectively, and thus are not included in this Commitments note.

## Undelivered orders and other commitments

| (In billions) | 2023 | 2022 |
|---|---|---|
| **Undelivered Orders - Unpaid** | | |
| Department of Defense | $ 487 | $ 440 |
| Department of Health and Human Services | 240 | 255 |
| Department of Education | 211 | 262 |
| Department of Transportation | 176 | 167 |
| Department of Housing and Urban Development | 101 | 93 |
| Department of Homeland Security | 99 | 95 |
| Department of Agriculture | 95 | 83 |
| All other entities | 421 | 376 |
| Total undelivered orders | $ 1,830 | $ 1,771 |
| **Other Commitments** | | |
| GSE Senior Preferred Stock Purchase Agreement | $ 254 | $ 254 |
| US participation in the International Monetary Fund | 151 | 146 |
| Callable capital subscriptions for Multilateral Development Banks | 130 | 128 |
| All other commitments | 20 | 21 |
| Total other commitments | $ 555 | $ 549 |

### Undelivered orders - unpaid

Undelivered orders, included in this note disclosure, represent the value of goods and services ordered that have not yet been received and that have not been prepaid. As of September 30, 2023, and 2022, the total reported unpaid undelivered orders were $2 trillion and $2 trillion, respectively. In fiscal year 2023, Education had a $51 billion decrease that was primarily due to a decrease in unpaid obligations from COVID-19 appropriations, as a result of payments during fiscal year 2023. DOD had a $47 billion increase that was primarily due to an overall increase in funding from the *Consolidated Appropriations Act* (CAA), 2023.

### GSE senior preferred stock purchase agreements

As of September 30, 2023, and 2022, the maximum remaining potential commitment to the GSEs for the remaining life of the SPSPAs was $254 billion, which was established on December 31, 2012. Refer to *Note 8 — Investments in government-sponsored enterprises* for a full description of the SPSPAs related commitments and contingent liability, if any, as well as additional information.

### US participation in the International Monetary Fund

The federal government participates in the IMF through a quota subscription and certain borrowing arrangements that supplement IMF resources. As of September 30, 2023, and 2022, the financial commitment under the US quota and borrowing arrangements was $151 billion and $146 billion, respectively. Refer to *Note 2 — Cash and other monetary assets* and *Note 27 — Disclosure entities and related parties* for additional information regarding the US participation in the IMF.

### Callable capital subscriptions for Multilateral Development Banks

The federal government has callable subscriptions in certain MDB, which are international financial institutions that finance economic and social development projects in developing countries. Callable capital in the MDB serves as a supplemental pool of resources that may be redeemed and converted into ordinary paid in shares, if the MDB cannot otherwise meet certain obligations through its other available resources. MDB are able to use callable capital as backing to obtain favorable financing terms when borrowing from international capital markets. To date, there has never been a

call on this capital at any MDB and none is anticipated. As of September 30, 2023, and 2022, the capital commitment to MDB was $130 billion and $128 billion, respectively.

### State and local government

Based on our review of specific state Comprehensive Annual Financial Reports, we know that the state governments do have commitments, however, the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source for this data.

## Note 21 – Contingencies

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 55 | $ 41 |
| State and local | — | — |
| Total accrued contingencies | $ 55 | $ 41 |

### Federal government

Loss contingencies are existing conditions, situations, or sets of circumstances involving uncertainty as to possible loss to an entity. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. The federal government is subject to loss contingencies related to: Legal and environmental and disposal; Insurance and guarantees; and Other Contingencies.

The federal government is involved in various litigation, including administrative proceedings, legal actions, and tort claims, which may ultimately result in settlements or decisions adverse to the federal government. In addition, the federal government is subject to loss contingencies for a variety of environmental cleanup costs for the storage and disposal of hazardous material as well as the operations and closures of facilities at which environmental contamination may be present. Refer to the *Legal contingencies and environmental and disposal contingencies* section of this note for additional information.

The federal government provides insurance and guarantees via a variety of programs. At the time an insurance policy or guarantee is issued, a contingency arises. The contingency is the risk of loss assumed by the insurer, that is, the risk of loss from events that may occur during the term of the policy. For additional information, refer to the *Insurance and guarantees* sections of this note.

Other contingencies include those related to the federal government's establishment of construction budgets without receiving appropriations from Congress for such projects, appeals of Medicaid audit and program disallowances by the states, potential draws by GSEs, and whistleblower awards. The federal government is also a party to treaties and other international agreements. These treaties and other international agreements address various issues including, but not limited to, trade, commerce, security, and law enforcement that may involve financial obligations or give rise to possible exposure to losses. Estimated potential losses for legal claims related to treaties and international agreements are included in the *Legal contingencies and environmental and disposal contingencies* section of this note. For additional information on the federal government's other loss contingencies, refer to the *Other contingencie*s section of this note.

#### Financial treatment of loss contingencies

The reporting of loss contingencies depends on the likelihood that a future event or events will confirm the loss or impairment of an asset or the incurrence of a liability and the likelihood of loss can range from probable to remote. SFFAS No. 5, *Accounting for liabilities of the federal government*, identifies the probability classifications used to assess the range for the likelihood of loss as probable, reasonably possible, and remote. Loss contingencies where a past event or exchange transaction has occurred, and where a future outflow or other sacrifice of resources is assessed as probable and measurable, are accrued in the financial statements. Loss contingencies that are assessed to be at least reasonably

possible are disclosed in this note, and loss contingencies that are assessed as remote are neither reported in the financial statements, nor disclosed in the notes. Federal entities account for loss contingencies based on the likelihood of loss and measurability criteria.

Loss contingencies arise in the normal course of operations and their ultimate disposition is unknown. Based on information currently available, however, it is management's opinion that the expected outcome of these matters, individually or in the aggregate, will not have a material adverse effect on the financial statements, except for the litigation and insurance described in the following sections, which could have a material adverse effect on the financial statements.

Certain significant consolidation entities apply financial accounting and reporting standards issued by FASB, and such entities, as permitted by SFFAS No. 47, *Reporting entity*, are consolidated into the federal government's consolidated financial statements without conversion to financial and reporting standards issued by FASAB. Generally, under FASAB standards, a contingency is considered "probable" if the future event or events are more likely than not to occur. Under FASB standards, a contingency is considered "probable" if the future event or events are likely to occur. "Likely to occur" is considered to be more certain than "more likely than not to occur." Under both accounting frameworks, a contingency is considered "reasonably possible" if occurrence of the future event or events is more likely than remote, but less likely than "probable" ("probable" as defined within each corresponding accounting framework).

### Legal contingencies and environmental and disposal contingencies

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | | Estimated Range of Loss for Certain Cases[2] | | | Estimated Range of Loss for Certain Cases[2] | |
| (In billions) | Accrued Liabilities[1] | Lower End | Upper End | Accrued Liabilities[1] | Lower End | Upper End |
| Probable | $ 56 | $ 55 | $ 66 | $ 41 | $ 41 | $ 44 |
| Reasonably possible | na | $ 11 | $ 107 | na | $ 17 | $ 45 |

[na] *An "na" reference in the table means the data is not applicable.*

[1.] *Accrued liabilities are recorded and presented in the related line items of the Combined balance sheets.*

[2.] *Does not reflect the total range of loss; many cases assessed as reasonably possible of an unfavorable outcome did not include estimated losses that could be determined.*

Management and legal counsel have determined that it is "probable" that some legal actions, litigation, tort claims, and environmental and disposal contingencies will result in a loss to the federal government and the loss amounts are reasonably measurable. The estimated liabilities for "probable" cases against the government are $56 billion and $41 billion as of September 30, 2023, and 2022, respectively, and are included in "Other Liabilities" on the Balance Sheet. For example, the US Supreme Court 2012 decision in *Salazar v. Ramah Navajo Chapter*, and subsequent cases related to contract support costs have resulted in increased claims against the Indian Health Service, which is a component within HHS. As a result of this decision, many tribes have filed claims. Some claims have been paid and others have been asserted but not yet settled. It is expected that some tribes will file additional claims for prior years. The estimated amount recorded for contract support costs is $6 billion in fiscal year 2023 and $6 billion in fiscal year 2022.

There are also administrative claims and legal actions pending where adverse decisions are considered by management and legal counsel as "reasonably possible" with an estimate of potential loss or a range of potential loss. The estimated potential losses reported for such claims and actions range from $11 billion to $107 billion as of September 30, 2023, and from $17 billion to $45 billion as of September 30, 2022.

The estimated upper range of potential loss for probable and reasonably possible claims and actions increased $23 billion, and $63 billion, respectively in fiscal 2023. The increase is primarily due to new cases, a change in the likelihood of loss, along with the net change in the amount of potential loss, and legal cases that are no longer pending.

In accordance with the *Nuclear Waste Policy Act of 1982* (NWPA), DOE entered into more than 69 standard contracts with utilities in which, in return for payment of fees into the Nuclear Waste Fund, DOE agreed to begin disposal of SNF by

January 31, 1998. Because DOE has no facility available to receive SNF under the NWPA, it has been unable to begin disposal of the utilities' SNF as required by the contracts. Significant litigation claiming damages for partial breach of contract has ensued as a result of this delay. Based on settlement estimates, the total liability estimate as of September 30, 2023 is in a range between $45 billion and $52 billion. After deducting the cumulative amount paid of $11 billion as of September 30, 2023 under settlements, and as a result of final judgments, the remaining accrued liability is estimated to be approximately $34 billion, compared to approximately $31 billion as of September 30, 2022.

A number of class action and/or multiple plaintiff tort suits have been filed against current and former DOE contractors in which the plaintiffs seek damages for alleged exposures to radioactive and/or toxic substances as a result of the historic operations of DOE's nuclear facilities. Collectively, in these cases, damages of $1 billion are currently sought.

Numerous litigation cases are pending where the outcome is uncertain or it is reasonably possible that a loss has been incurred and where estimates cannot be made. There are other litigation cases where the plaintiffs have not made claims for specific dollar amounts, but the settlement may be significant. The ultimate resolution of these legal actions for which the potential loss could not be determined may materially affect the federal government's financial position or operating results.

A number of cases were filed in the US Court of Federal Claims and US District Courts in which the plaintiffs allege, among other things, that the federal government took their property, breached contractual rights of preferred and common stockholders, and breached fiduciary duties when the third amendments to the SPSPAs between Treasury and each GSE were executed in August 2012 (please refer to *Note 8 — Investments in government-sponsored enterprises*). In the US Court of Federal Claims, the plaintiffs seek just compensation and other damages from the federal government. With respect to certain cases pending before the US Court of Federal Claims, the federal government's motion to dismiss was granted with respect to certain claims and denied with respect to certain other claims. The US Court of Appeals for the Federal Circuit dismissed all of the claims. Certain plaintiffs filed petitions for a writ of certiorari with the Supreme Court, which were denied. While most of the cases brought before the US Court of Federal Claims have been dismissed, some are still pending. In the US District Courts, the plaintiffs seek to set aside the third amendments to the SPSPAs as well as damages, and in some cases an injunction that results in changes to Treasury's liquidation preference, or that converts Treasury's GSE senior preferred stock to common stock. Following the Supreme Court's decision in June 2021, the Court left open the possibility that the plaintiffs may be entitled to retrospective relief if the unconstitutional provision inflicted "compensable harm". The Fifth and Eighth Circuit Courts of Appeals remanded cases to the US District Court for the Southern District of Texas and the US District Court for the District of Minnesota, where plaintiffs filed amended complaints alleging that the unconstitutional provision inflicted "compensable harm". In the Southern District of Texas litigation, plaintiffs also added claims that FHFA's funding structure violates the Appropriations Clause of the US Constitution. The US District Court for the Southern District of Texas dismissed the amended complaint, and the Fifth Circuit Court of Appeals affirmed the dismissal. The US District Court for the District of Minnesota also dismissed the amended complaint, and that case is now again pending at the Eighth Circuit Court of Appeals. The Sixth Circuit Court of Appeals remanded a case to the US District Court for the Western District of Michigan to determine if the unconstitutional provision inflicted "compensable harm," while rejecting claims that an FHFA director had been serving in violation of the Appointments Clause of the US Constitution. The plaintiffs filed a petition for a writ of certiorari with the Supreme Court regarding the Appointments Clause claim, which was denied. On remand, plaintiffs are seeking to amend their complaint to add claims that FHFA's funding structure violates the Appropriations Clause of the US Constitution. A case in the Eastern District of Pennsylvania remains in litigation, and a motion to dismiss is pending. Treasury is unable to determine the likelihood of an unfavorable outcome or an estimate of potential loss in these cases at this time.

### Insurance and guarantees

As discussed in *Note 1.N – Insurance and guarantee program liabilities* of the *Financial Report*, certain consolidation entities with significant insurance and guarantee programs apply FASB standards, while other insurance programs are accounted for in the consolidated financial statements pursuant to FASAB standards. Please refer to *Note 16 – Insurance and guarantee program liabilities* for insurance and guarantee liabilities and *Note 13 – Employee and veteran benefits payable* for insurance related to federal employee and veteran benefits.

## Entities reporting under FASB

PBGC, FCSIC, and FDIC are the main contributing consolidation entities with significant insurance or guarantee programs that apply FASB standards. Insurance in-force estimates and a discussion of PBGC's coverage are disclosed to provide an understanding of the magnitude of the programs. Current conditions indicate it is extremely unlikely that losses equal to the maximum risk exposure described below would be incurred.

PBGC insures pension benefits for participants in covered defined benefit pension plans. Under current law, PBGC's liabilities may be paid only from PBGC's assets. Accordingly, PBGC's liabilities are not backed by the full faith of the federal government. As of September 30, 2023, PBGC's single-employer and multiemployer pension insurance programs had $131 billion and $4 billion in total assets, respectively. In fiscal year 2022, PBGC reported pension insurance program total assets for single-employer and multiemployer of $124 billion and $4 billion, respectively.

PBGC operates two separate pension insurance programs: a single-employer program and a multiemployer program. The single-employer program covered about 21 million people (excluding those in plans that PBGC has trusteed) in fiscal year 2023, down from about 22 million people in fiscal year 2022, and the maximum guaranteed annual benefit for participants who are in a plan that terminated in fiscal year 2023 and commence benefits at age 65 is $81,000. The maximum guaranteed benefit for single-employer plan participants is determined by the year the retiree's plan terminated (if the plan terminated during the plan sponsor's bankruptcy, the year the sponsor entered bankruptcy) and the participant's age at the later of the date the sponsor entered bankruptcy or the date the participant begins collecting benefits. The number of covered ongoing plans at the end of fiscal year 2023 was about 23,500.

The multiemployer program covers about 11 million participants in about 1,360 insured plans and the maximum annual benefit is $12,870 to a participant who worked for 30 years in jobs covered by the plan. The maximum benefit for multiemployer plan participants varies with covered service and would be lower if the participant worked less than 30 years and higher if the participant worked more than 30 years. On March 11, 2021, the President signed into law the ARP. The ARP established a new multiemployer SFA program resulting in a new source of financing from the General Fund. PBGC receives appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. Unlike traditional financial assistance where PBGC provides assistance to the multiemployer plans in the form of a loan, the new special financial assistance will be provided via a transfer of funds with no obligation of repayment. The SFA program is expected to enable PBGC to satisfy long-term multiemployer obligations by providing SFA to currently insolvent and probable plans. PBGC's fiscal year 2022 Projection Report shows that the multiemployer program is likely to remain solvent for more than 40 years.

FCSIC insures the timely payment of principal and interest on Systemwide Debt Securities. Systemwide Debt Securities are the general unsecured joint and several obligations of the Farm Credit System Banks (FCSB). Systemwide Debt Securities are not obligations of and are not guaranteed by the federal government. As stated in the Farm Credit Quarterly Information Statement of the Farm Credit System, outstanding Systemwide Debt Securities reported by the FCSB totaled $402 billion and $377 billion as of September 30, 2023, and 2022 respectively. The insurance provided by FCSIC is also not an obligation of and is not guaranteed by the federal government. Under current law, if FCSIC does not have sufficient funds to pay unpaid principal and interest on insured Systemwide Debt Securities, the FCSB will be required to make payments under joint and several liability. As of September 30, 2023, and 2022, FCSIC reported an Insurance Fund balance of $7 billion and $7 billion, respectively.

FDIC insures bank and savings association deposits, which exposes FDIC to various risks. FDIC has estimated total insured deposits of $11 trillion and $10 trillion as of September 30, 2023, and 2022 respectively, for the DIF.

As described below, the federal government also has insurance and guarantee contingencies for PBGC and FDIC that are reasonably possible in the amount of $26 billion and $55 billion as of September 30, 2023, and 2022, respectively.

PBGC reported $26 billion and $54 billion as of September 30, 2023, and 2022, respectively, for the estimated aggregate unfunded vested benefits exposure to PBGC for private-sector single-employer and multiemployer defined benefit pension plans that are classified with a reasonably possible exposure to loss. As of September 30, 2023, PBGC's estimate of its single-employer reasonably possible exposure decreased to $26 billion. The $26 billion decrease from the

reasonably possible exposure of $52 billion as of September 30, 2022, is primarily due to the significant increase in the interest factors used for valuing liabilities as of the measurement date. In fiscal year 2023, PBGC estimated that it is reasonably possible that multiemployer plans may require future assistance in the amount of $400 million, a $2 billion decrease from the $2 billion in fiscal year 2022. The primary reason for the decrease in exposure was a net decrease in the number of plans classified as reasonably possible.

FDIC reported $300 million as of September 30, 2023, and 2022 for reasonably possible losses to the DIF for additional risks identified in the financial services industry should potentially vulnerable insured institutions ultimately fail. Actual losses, if any, will largely depend on future economic and market conditions.

### Entities reporting under FASAB

The total amount of coverage provided by an insurer as of the end of the reporting period is referred to as insurance in-force. Insurance in-force represents the total amount of unexpired insurance arrangements for the corresponding program as of a given date. Insurance in-force is presented to provide the reader with a better understanding of the unexpired insurance arrangements that are not considered a liability. It is extremely unlikely that losses equal to the maximum risk exposure would be incurred. The table below shows the estimate of insurance in-force for consolidation entities with significant insurance programs that apply FASAB standards in accordance with SFFAS No. 51, *Insurance programs*.

### Insurance in-force

| (In billions) | 2023 | 2022 |
|---|---|---|
| Ginnie Mae – Department of Housing and Urban Development | $ 2,473 | $ 2,285 |
| National Credit Union Share Insurance Fund – National Credit Union Administration | $ 1,700 | $ 1,700 |
| National Flood Insurance Program – Department of Homeland Security | $ 1,282 | $ 1,286 |
| Federal Crop Insurance – Department of Agriculture | $ 206 | $ 193 |

Ginnie Mae insures MBS and commitments, which exposes Ginnie Mae to various risks. Ginnie Mae's MBS program guarantees the timely payment of principal and interest on securities backed by pools of mortgage loans insured by FHA, Public and Indian Housing, and Rural Housing Service, or guaranteed by the VA. Accordingly, Ginnie Mae's credit risk related to outstanding MBS is greatly mitigated by guarantees discussed in *Note 4 – Loans receivable, net and loan guarantee liabilities*.

National Credit Union Administration (NCUA) operates and manages the National Credit Union Share Insurance Fund (NCUSIF), insuring the deposits of over 139 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUSIF insures the balance of each members' accounts, dollar-for-dollar, up to at least the standard maximum share insurance amount of $250,000.

NFIP, managed by Federal Emergency Management Agency (FEMA), is considered an exchange transaction insurance program and pays claims to policy holders who experience flood damage due to flooding within the NFIP rules and regulations. FEMA is authorized to secure reinsurance coverage from private reinsurance and capital markets to maintain the financial ability of the program to pay claims from major flooding events.

FEMA, a component of DHS, is authorized to borrow from Treasury up to $30 billion to fund the payment of flood insurance claims and claims-related expenses of the NFIP. Amounts borrowed at any time are not predetermined, and authority is used only as needed to pay existing obligations for claims and expenses. Insurance premiums collected are used to pay insurance claims and to repay borrowings. As of September 30, 2023, and 2022, FEMA had drawn from Treasury $21 billion, leaving $10 billion available to be borrowed. Premiums collected by FEMA are not expected to be sufficient to cover the debt repayments. Given the current premium rate structure, FEMA is not expected to be able to generate sufficient resources from premiums to pay its debt in full.

The FCIP, administered by USDA's FCIC, is considered a short-duration exchange transaction insurance program. The crop insurance policies insure against unexpected declines in yield and/or price due to natural causes. There were approximately 1 million crop insurance policies in force for crop years 2023, and 2022. The insurance policies are structured as a contract between approved insurance providers and producers, with the FCIC providing reinsurance to approved insurance providers. Crop insurance policies automatically renew each year unless producers cancel them by a published annual deadline. FCIC may request the Secretary of Agriculture to provide borrowing authority funds of the Commodity Credit Corporation if at any time the amounts in the insurance fund are insufficient to allow FCIC to carry out its duties. Even though the authority exists, FCIC did not request Commodity Credit Corporation funds in the reporting period. USDA has a permanent indefinite appropriation for the crop insurance program used to cover premium subsidy, delivery expenses, losses in excess of premiums, and research and delivery costs. FCIC has no outstanding borrowing as of September 30, 2023.

Please refer to the financial statements of the main contributing entities, HUD, NCUA, DHS, and USDA for additional information.

Congress originally enacted the *Terrorism Risk Insurance Act* in November 2002, to address market disruptions resulting from terrorist attacks on September 11, 2001. Most recently, the *Terrorism Risk Insurance Program Reauthorization Act of 2019* extended Terrorism Risk Insurance Program (TRIP) until December 31, 2027. The TRIP helps to ensure available and affordable commercial property and casualty insurance for terrorism risk, and simultaneously allows private markets to stabilize. The authority to pay claims under TRIP is activated when the Secretary of the Treasury (in consultation with the Secretary of the DHS and the US Attorney General) certifies an "act of terrorism." In the event of certification of an "act of terrorism" insurers may be eligible to receive reimbursement from the federal government for associated insured losses assuming an aggregate insured loss threshold ("Program Trigger") has been reached once a particular insurer has satisfied its designated deductible amount. For calendar years 2023 and 2022, the Program Trigger amount was $200 million. Insurance companies and the federal government will share insured losses above insurer deductibles. TRIP includes both mandatory and discretionary authority for Treasury to recoup federal payments made under TRIP through policyholder surcharges under certain circumstances, and contains provisions designed to manage litigation arising from or relating to a certified "act of terrorism." There were no claims under TRIP as of September 30, 2023 or 2022.

### Other contingencies

DOT, HHS, and Treasury reported the following other contingencies:

Federal Highway Administration (FHWA) has a reasonably possible contingency due to their authority to approve projects using advance construction under 23 U.S.C. § 115(a) and 23 CFR 630.701-630.709. FHWA does not guarantee the ultimate funding to the states for these "advance construction" projects and, accordingly, does not obligate any funds for these projects. The state may submit a written request to FHWA that a project be converted to a regular federal aid project at any time provided that sufficient federal aid funds and obligation authority are available. As of September 30, 2023, and 2022, FHWA has $75 billion and $69 billion, respectively, of advanced construction authorizations that could be converted to federal obligations subject to the availability of funds. These authorizations have not been recognized in the DOT consolidated financial statements.

Contingent liabilities have been accrued as a result of Medicaid audit and program disallowances that are currently being appealed by the states. The Medicaid amounts are $8 billion and $7 billion for fiscal years ending September 30, 2023, and 2022, respectively. The states could return the funds through payments to HHS, or HHS could recoup the funds by reducing future grant awards to the states. Conversely, if the appeals are decided in favor of the states, HHS will be required to pay these amounts. In addition, certain amounts for payment have been deferred under the Medicaid program when there is reasonable doubt as to the legitimacy of expenditures claimed by a state. There are also outstanding reviews of the state expenditures in which a final determination has not been made.

Treasury has a contingency for future draws by the GSEs. There were no probable future draws accrued as of September 30, 2023, and 2022, and the total amount of reasonably possible future draws is not estimable as of September 30, 2023. Refer to *Note 8 – Investments in government-sponsored enterprises* for additional information.

## State and local government

Based on our review of specific state Comprehensive Annual Financial Reports, we know that the state governments do have contingencies, however, the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source of this data.

# Note 22 – Funds from dedicated collections

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 3,761 | $ 3,696 |
| State and local | — | — |
| Total funds from dedicated collections | $ 3,761 | $ 3,696 |

## Federal government

| | | | | | | | 2023 |
|---|---|---|---|---|---|---|---|
| (In billions) | Federal Old-Age and Survivors Insurance Trust Fund (Combined) | Federal Disability Insurance Trust Fund (Combined) | Federal Medicare Insurance Trust Funds (Part A,B,D) (Combined) | All Other Funds from Dedicated Collections (Combined) | Total Funds from Dedicated Collections (Combined) | Funds from Dedicated Collections Eliminations | Total Funds from Dedicated Collections (Consolidated) |
| **Assets** | | | | | | | |
| Cash and other monetary assets | $ — | $ — | $ — | $ 181 | $ 181 | $ — | $ 181 |
| Advances and prepayments | — | — | 45 | 11 | 56 | — | 56 |
| Other assets | 2 | 3 | 25 | 136 | 166 | — | 166 |
| Investments in Treasury securities, net of unamortized premiums/discounts | 2,674 | 143 | 354 | 392 | 3,563 | — | 3,563 |
| Other federal assets | 16 | 1 | 401 | 332 | 750 | (248) | 502 |
| Total assets | $ 2,692 | $ 147 | $ 825 | $ 1,052 | $ 4,716 | $ (248) | $ 4,468 |
| **Liabilities and net position** | | | | | | | |
| Benefits due and payable | $ 111 | $ 30 | $ 106 | $ 10 | $ 257 | $ — | $ 257 |
| Advances from others and deferred revenues | — | — | 2 | 71 | 73 | — | 73 |
| Other liabilities | — | — | 10 | 264 | 274 | — | 274 |
| Federal liabilities | 7 | 1 | 131 | 212 | 351 | (248) | 103 |
| Total liabilities | 118 | 31 | 249 | 557 | 955 | (248) | 707 |
| **Net position** | | | | | | | |
| Total net position | 2,574 | 116 | 576 | 495 | 3,761 | — | 3,761 |
| Total liabilities and net position | $ 2,692 | $ 147 | $ 825 | $ 1,052 | $ 4,716 | $ (248) | $ 4,468 |
| **Change in net position** | | | | | | | |
| Net position, beginning of period | $ 2,636 | $ 93 | $ 500 | $ 467 | $ 3,696 | $ — | $ 3,696 |
| Individual income taxes and tax withholdings | 1,039 | 177 | 375 | — | 1,591 | — | 1,591 |
| Other taxes and miscellaneous earned revenue | — | — | — | 134 | 134 | — | 134 |
| Other changes in fund balance | 41 | (3) | 565 | 8 | 611 | — | 611 |
| Federal non-exchange revenue | 63 | 4 | — | 40 | 107 | — | 107 |
| Total financing sources | 1,143 | 178 | 940 | 182 | 2,443 | — | 2,443 |
| Program gross costs and non-program expenses | 1,205 | 155 | 1,006 | 261 | 2,627 | (1) | 2,626 |
| Less: program revenue | — | — | (142) | (107) | (249) | 1 | (248) |
| Net cost | 1,205 | 155 | 864 | 154 | 2,378 | — | 2,378 |
| Ending net position | $ 2,574 | $ 116 | $ 576 | $ 495 | $ 3,761 | $ — | $ 3,761 |

| (In billions) | Federal Old-Age and Survivors Insurance Trust Fund (Combined) | Federal Disability Insurance Trust Fund (Combined) | Federal Medicare Insurance Trust Funds (Part A,B,D) (Combined) | All Other Funds from Dedicated Collections (Combined) | Total Funds from Dedicated Collections (Combined) | Funds from Dedicated Collections Eliminations | Total Funds from Dedicated Collections (Consolidated) |
|---|---|---|---|---|---|---|---|
| | | | | | 2022 | | |
| **Assets** | | | | | | | |
| Cash and other monetary assets | $ — | $ — | $ — | $ 168 | $ 168 | $ — | $ 168 |
| Advances and prepayments | — | — | 39 | 10 | 49 | — | 49 |
| Other assets | 2 | 3 | 27 | 113 | 145 | — | 145 |
| Investments in Treasury securities, net of unamortized premiums/discounts | 2,724 | 115 | 345 | 380 | 3,564 | — | 3,564 |
| Other federal assets | 15 | — | 284 | 324 | 623 | (205) | 418 |
| Total assets | $ 2,741 | $ 118 | $ 695 | $ 995 | $ 4,549 | $ (205) | $ 4,344 |
| **Liabilities and net position** | | | | | | | |
| Benefits due and payable | $ 99 | $ 24 | $ 85 | $ 10 | $ 218 | $ — | $ 218 |
| Advances from others and deferred revenues | — | — | 1 | 66 | 67 | — | 67 |
| Other liabilities | — | — | — | 238 | 238 | — | 238 |
| Federal liabilities | 6 | 1 | 109 | 214 | 330 | (205) | 125 |
| Total liabilities | 105 | 25 | 195 | 528 | 853 | (205) | 648 |
| **Net position** | | | | | | | |
| Total net position | 2,636 | 93 | 500 | 467 | 3,696 | — | 3,696 |
| Total liabilities and net position | $ 2,741 | $ 118 | $ 695 | $ 995 | $ 4,549 | $ (205) | $ 4,344 |
| **Change in net position** | | | | | | | |
| Net position, beginning of period | $ 2,681 | $ 81 | $ 410 | $ 311 | $ 3,483 | $ — | $ 3,483 |
| Individual income taxes and tax withholdings | 929 | 158 | 355 | — | 1,442 | — | 1,442 |
| Other taxes and miscellaneous earned revenue | — | — | (1) | 132 | 131 | — | 131 |
| Other changes in fund balance | 38 | (1) | 505 | 126 | 668 | — | 668 |
| Federal non-exchange revenue | 64 | 2 | — | 33 | 99 | — | 99 |
| Total financing sources | 1,031 | 159 | 859 | 291 | 2,340 | — | 2,340 |
| Program gross costs and non-program expenses | 1,076 | 147 | 906 | 227 | 2,356 | (1) | 2,355 |
| Less: program revenue | — | — | (137) | (92) | (229) | 1 | (228) |
| Net cost | 1,076 | 147 | 769 | 135 | 2,127 | — | 2,127 |
| Ending net position | $ 2,636 | $ 93 | $ 500 | $ 467 | $ 3,696 | $ — | $ 3,696 |

Generally, funds from dedicated collections are financed by specifically identified revenues, often supplemented by other financing sources, provided to the federal government by non-federal sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes and must be accounted for separately from the federal government's general revenues. Funds from dedicated collections generally include trust funds, public enterprise revolving funds (not including credit reform financing funds), and special funds. Funds from dedicated collections specifically exclude any fund established to account for pensions, ORB, OPEB, or other benefits provided for federal employees (civilian and military). In the federal budget, the term "trust fund" means only that the law requires a particular fund to be accounted for separately, used only for a specified purpose, and designated as a trust fund. A change in law may change the future receipts and the terms under which the fund's resources are spent. In the private sector, trust fund refers to funds of one party held and managed by a second party (the trustee) in a fiduciary capacity. The activity of funds from dedicated collections differs from fiduciary activities primarily in that assets within funds from dedicated collections are federal government-owned. For additional information related to fiduciary activities, see *Note 23 – Fiduciary activities*.

Public enterprise revolving funds include expenditure accounts authorized by law to be credited with offsetting collections, mostly from the public, that are generated by and dedicated to finance a continuing cycle of business-type operations. Some of the financing for these funds may be from appropriations.

Special funds are federal funds dedicated by law for a specific purpose. Special funds include the special fund receipt account and the special fund expenditure account.

Total assets represent the unexpended balance from all sources of receipts and amounts due to the funds from dedicated collections, regardless of source, including related federal governmental transactions. These are transactions between two different entities within the federal government or intradepartmental (for example, monies received by one entity of the federal government from another entity of the federal government).

The federal assets are comprised of fund balances with Treasury, investments in Treasury securities—including unamortized amounts, and other assets that include the related accrued interest receivable on federal investments. These amounts were excluded in preparing the principal financial statements. The non-federal assets include activity with individuals and organizations outside of the federal government.

Most of the assets within funds from dedicated collections are invested in intra-governmental debt holdings. The federal government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited in the General Fund, which uses the cash for general federal government purposes. Treasury securities are issued to federal entities as evidence of its receipts. Treasury securities are an asset to the federal entities and a liability to Treasury and, therefore, they do not represent an asset or a liability in the *Financial Report*. These securities require redemption if a fund's disbursements exceeds its receipts. Redeeming these securities will increase the federal government's financing needs and require more borrowing from the public (or less repayment of debt), or will result in higher taxes than otherwise would have been needed, or less spending on other programs than otherwise would have occurred, or some combination thereof. See *Note 12 – Debt and interest payable* for additional information related to the investments in federal debt securities.

Below is a description of the major funds from dedicated collections, which also identifies the federal government entities that administer each particular fund. For additional information regarding funds from dedicated collections, please refer to the financial statements of the corresponding administering entities. For additional information on the benefits due and payable liability associated with certain funds from dedicated collections, see *Note 15 – Benefits due and payable*.

### Federal Old-Age and Survivors Insurance Trust Fund

The Federal Old-Age and Survivors Insurance (OASI) Trust Fund, administered by SSA, provides retirement and survivors benefits to qualified workers and their families.

Payroll and self-employment taxes primarily fund the Federal OASI Trust Fund. Interest earnings on Treasury securities, federal entities' payments for the Social Security benefits earned by military and federal civilian employees, and Treasury payments for a portion of income taxes collected on Social Security benefits provide the fund with additional income. The law establishing the Federal OASI Trust Fund and authorizing the depositing of amounts to the credit of the fund is set forth in 42 U.S.C. § 401.

### Federal Disability Insurance Trust Fund

The Federal Disability Insurance (DI) Trust Fund, administered by SSA, provides assistance and protection against the loss of earnings due to a wage earner's disability in form of monetary payments.

Like the Federal OASI Trust Fund, payroll taxes primarily fund the Federal DI Trust Fund. The fund also receives income from interest earnings on Treasury securities, federal entities' payments for the Social Security benefits earned by military and federal civilian employees, and Treasury payments for a portion of income taxes collected on Social Security benefits. The law establishing the Federal DI Trust Fund and authorizing the depositing of amounts to the credit of the fund is set forth in 42 U.S.C. § 401.

### Federal Medicare Insurance Trust Funds (Medicare Parts A, B and D)

The Hospital Insurance (HI) Trust Fund, administered by HHS, finances Medicare Part A. This program funds the cost of inpatient hospital and related care for individuals age 65 or older who meet certain insured status requirements and individuals younger than age 65 with certain disabilities.

The Federal HI Trust Fund is financed primarily by payroll taxes, including those paid by federal entities. It also receives income from interest earnings on Treasury securities, a portion of income taxes collected on Social Security benefits, premiums paid by, or on behalf of, aged uninsured beneficiaries, and receipts from fraud and abuse control activities. Section 1817 of the *Social Security Act* established the Medicare Hospital Trust Fund.

The Federal Supplemental Medical Insurance (SMI) Trust Fund, administered by HHS, finances the Medicare Part B and the Medicare Prescription Drug Benefit Program (Medicare Part D). These programs provide SMI benefits for enrolled eligible participants to cover physician and outpatient services not covered by Medicare Part A and to obtain qualified prescription drug coverage, respectively. Medicare Part B financing is not based on payroll taxes; it is primarily based on monthly premiums, income from the General Fund, and interest earnings on Treasury securities. The Medicare SMI Trust Fund was established by Section 1841 of the *Social Security Act*.

Medicare Part D was created by the *Medicare Modernization Act of 2003* (P.L. 108-173). Medicare Part D financing is similar to Part B; it is primarily based on monthly premiums and income from the General Fund, not on payroll taxes. The fund also receives transfers from states.

### All other funds from dedicated collections

The federal government is responsible for the management of numerous funds from dedicated collections that serve a wide variety of purposes. The funds from dedicated collections presented on an individual basis in the above tables represent the majority of the federal government's net position attributable to funds from dedicated collections. All other activity attributable to funds from dedicated collections is aggregated in accordance with SFFAS No. 27, *Identifying and Reporting Funds from Dedicated Collections*, as amended by SFFAS No. 43, *Funds from Dedicated Collections: Amending SFFAS 27, Identifying and Reporting Earmarked Funds*. The majority entities with funds from dedicated collections within the "all other" aggregate, include the following: DOT, DOC, DOI, Treasury, DOD, RRB, DOE, HUD, DOJ, and EPA.

In accordance with SFFAS No. 43, any funds established to account for pension, other retirement, or OPEB to civilian or military personnel are excluded from the reporting requirements related to funds from dedicated collections.

## State and local government

The Federal Reserve does not provide amounts for funds from dedicated collections. We do not know if states have these activities, and if they do, we are not aware of another aggregated source for this data.

# Note 23 – Fiduciary activities

| (In billions) | 2023 | 2022 |
|---|---|---|
| Federal | $ 809 | $ 740 |
| State and local | — | — |
| Total fiduciary net assets | $ 809 | $ 740 |

## Federal government

Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment and disposition by the federal government of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold. Fiduciary cash and other assets are not assets of the federal government and

are not recognized on the consolidated Balance Sheet. The federal government's fiduciary activities include the TSP, which is administered by the FRTIB, and the Indian Tribal and individual Indian Trust Funds, which are administered by the DOI.

| (In billions) | 2023 | 2022 |
|---|---|---|
| Thrift Savings Plan | $ 795 | $ 726 |
| All other | 14 | 14 |
| Total fiduciary net assets | $ 809 | $ 740 |

In accordance with the requirements of SFFAS No. 31, *Accounting for Fiduciary Activities*, fiduciary investments in Treasury securities and fund balance with Treasury held by fiduciary funds are to be recognized on the Balance Sheet as federal debt and interest payable and a liability for fiduciary fund balance with Treasury, respectively.

As of September 30, 2023, total fiduciary investments in Treasury securities and in non-Treasury securities are $297 billion and $497 billion, respectively. As of September 30, 2022, total fiduciary investments in Treasury securities and in non-Treasury securities were $318 billion and $406 billion, respectively. Refer to *Note 12 – Debt and interest payable* for more information on Treasury securities.

As of September 30, 2023, and 2022, the total fiduciary fund balance with Treasury is $2 billion and $2 billion, respectively. A liability for this fiduciary fund balance with Treasury is reflected as other miscellaneous liabilities in *Note 18 – Other liabilities*.

As of September 30, 2023, and 2022, collectively, the fiduciary investments in Treasury securities and fiduciary fund balance with Treasury held by all federal government entities represent $5 billion and $5 billion, respectively, of unrestricted cash included within cash held by Treasury for federal government-wide operations shown in *Note 2 – Cash and other monetary assets*.

### Thrift Savings Plan

The Thrift Savings Fund (TSF) maintains and holds in trust the assets of the TSP. The TSP is administered by an independent federal government entity, the FRTIB, which is charged with operating the TSP prudently and solely in the interest of the participants and their beneficiaries.

The TSP is a retirement savings and investment plan for federal employees and members of the uniformed services. It was authorized by the Congress in the *Federal Employees' Retirement System Act of 1986*. The plan provides federal employees and members of the uniformed services with a savings and tax benefit similar to what many private sector employers offer their employees under 401(k) plans. This includes two fixed income funds, three stock funds and ten lifecycle funds. Effective June 1, 2022, Accenture Federal Services, as part of its recordkeeping services contract, provides a Mutual Fund Window that offers participants who meet certain eligibility criteria access to mutual funds. The plan was primarily designed to be a key part of the retirement package (along with a basic annuity benefit and Social Security) for employees who are covered by FERS.

As of September 30, 2023, and 2022, the TSP held $795 billion and $726 billion, respectively, in net assets, which included $293 billion and $315 billion, respectively, of nonmarketable Treasury securities. The Thrift Savings Fund (TSF) combines the net assets of the TSP and the FRTIB in its financial statements. Only the TSP net assets of the TSF financial statements are disclosed in this note. The most recent audited financial statements for the TSF are as of December 31, 2022, and 2021. For additional information about FRTIB, the TSP and the investment options of the TSP, please refer to the FRTIB website at https://www.frtib.gov/.

### All other entities with fiduciary activities

#### Department of Interior – Indian trust funds

As stated above, DOI has responsibility for the assets held in trust on behalf of American Indian Tribes and individuals. DOI maintains accounts for Tribal and Other Trust Funds (including the Alaska Native Escrow Fund) and Individual Indian Monies (IIM) Trust Funds in accordance with the *American Indian Trust Fund Management Reform Act of 1994*. The fiduciary balances that have accumulated in these funds have resulted from land use agreements, royalties on natural resource depletion, other proceeds derived directly from trust resources, judgment awards, settlements of claims, and investment income. DOI maintains separate financial statements for these trust funds, which are prepared using a cash or modified cash basis of accounting, a comprehensive basis of accounting other than GAAP. The independent auditors' reports on the Tribal and Other Trust Funds were qualified as it was not practical to extend audit procedures sufficiently to satisfy themselves as to the fairness of the trust fund balances. The IIM Trust Funds received an unmodified opinion from the auditors. As of September 30, 2023, and 2022, the DOI held $9 billion and $9 billion, respectively, in net assets. For additional information related to these assets, please refer to the DOI website at https://www.doi.gov/.

#### All other entities

The federal government is responsible for the management of other fiduciary net assets on behalf of various non-federal entities. The entities presented individually in the table on the previous page represent the vast majority of the federal government's fiduciary net assets. All other component entities with fiduciary net assets are aggregated in accordance with SFFAS No. 31. As of September 30, 2023, and 2022, including TSP and DOI, there are a total of 21 federal entities with fiduciary activities at a grand total of 62 and 68 fiduciary funds, respectively. SBA and DOD are the largest entities relating to the fiduciary activities of the remaining entities within the "all other" aggregate balance. As of September 30, 2023, "all other" fiduciary net assets were $6 billion, compared to $5 billion as of September 30, 2022.

### State and local government

The Federal Reserve does not provide amounts for fiduciary activities. We do not know if states have these activities, and if they do, we are not aware of another aggregated source for this data.

## Note 24 – Stewardship property, plant, and equipment

### Federal government

Stewardship PP&E consists of items whose physical properties resemble those of general PP&E traditionally capitalized in financial statements. However, stewardship PP&E differs from general PP&E in that their values may be indeterminable or may have little meaning (e.g., museum collections, monuments, assets acquired in the formation of the nation) or that allocating the cost of such assets to accounting periods that benefit from the ownership of such assets is meaningless. Stewardship PP&E includes stewardship land (land not acquired for or in connection with general PP&E) and heritage assets (e.g., federal monuments and memorials and historically or culturally significant property).

Stewardship land is land and land rights owned by the federal government intended to be held indefinitely. The majority of stewardship land was acquired by the federal government during the first century of the nation's existence. Examples of stewardship land include land reserved, managed, planned, used, or acquired for forests and parks, recreation and conservation, wildlife and grazing, historical landmarks, multiple purpose ancillary revenue generating activities, and/or buffer zones. "Land" is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources) related to land.

Additional information concerning stewardship land, such as entity stewardship policies, physical units by major categories, and the condition of stewardship land, can be obtained from the financial statements of DHS, DOC, DOD, DOE, DOI, DOT, EPA, HHS, TVA, USDA, and VA. Please refer to Land and Permanent Land Rights located in the unaudited RSI for information concerning the federal estimated acreage.

Heritage assets are federal government-owned assets that have one or more of the following characteristics: historical or natural significance; cultural, educational, or artistic importance; or significant architectural characteristics. Entities provide protection and preservation services to maintain all heritage assets in the best possible condition as part of America's history. Examples of heritage assets include the Declaration of Independence, the US Constitution, and the Bill of Rights preserved by the National Archives. Heritage assets are classified into two categories: collection and non-collection. Collection type heritage assets include objects gathered and maintained for exhibition, for example, museum collections, art collections, and library collections. Non-collection type heritage assets include parks, memorials, monuments, and buildings. In some cases, heritage assets may serve two purposes: a heritage function and general federal government operations. In those cases, the heritage asset should be considered a multi-use heritage asset if the predominant use of the asset is in general federal government operations (e.g., the main Treasury building used as an office building). The cost of acquisition, improvement, reconstruction, or renovation of multi-use heritage assets is capitalized as general PP&E and depreciated over its estimated useful life.

Additional information concerning other significant heritage assets, multi-use heritage assets, component federal entity stewardship policies for heritage assets, physical units by major categories of heritage assets, and the condition of heritage assets, can be obtained from the financial statements of DHS, DOC, DOD, DOE, DOI, DOT, GSA, NASA, State, Treasury, USDA, and VA. Please refer to DM&R located in the unaudited RSI for information concerning estimated maintenance and repair costs.

### Supplemental data – reported revenue from resource extraction on federal lands

The following data is not from the *Financial Report*. We are providing this information as even though the federal government reports that it does not expect to use stewardship land to meet its obligations, the land is used to generate revenues for the federal government. The following are revenues generated from federal lands, including those that are stewardship lands, and are included as offsets to expenditures in our combined income statements. These revenues are generated when companies that extract resources on federal land pay bonuses, rents, royalties, fees, taxes, or other revenues to the federal government.

| (In billions) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Royalties | $ 17 | $ 17 | $ 9 |
| Bonus | 1 | 5 | — |
| Other[1] | — | — | 1 |
| Total reported revenue | $ 18 | $ 22 | $ 10 |

† *Derived from monthly revenue reports that payors (i.e. companies) submit to the Office of National Resources Revenue to explain their revenue payments. See the data at https://revenuedata.doi.gov/query-data. Includes American Indian, federal offshore, and federal onshore resources.*

1. *This category includes revenues that are not included in the royalties and bonus categories, such as: minimum royalties, estimated royalties, settlement agreements, and interest.*

The Government Accountability Office has identified challenges in the DOI management of oil and gas on leased federal lands and waters, finding that the DOI lacked reasonable assurance that it was collecting its share of revenue from oil and gas produced on federal lands and waters.[87]

## State and local government

The Federal Reserve does not provide amounts for stewardship land and heritage assets at the state and local government level. We do not know if states have these assets, and if they do, we are not aware of another aggregated source for this data.

# Note 25 – Intergovernmental transfers

We eliminated certain intergovernmental transfers between agencies, departments, or funds within and between the federal government and state and local governments when we prepared the combined financial statements. Intergovernmental activity we eliminated is shown below.

## Federal grant and non-grant assistance to territories and state and local governments

| (In billions) | 2023 | 2022 |
|---|---|---|
| Medicaid and CHIP | $ 634 | $ 609 |
| Transportation | 88 | 94 |
| Elementary and secondary education | 62 | 65 |
| Housing assistance | 48 | 53 |
| Other grants | 252 | 372 |
| Grants per the federal government | 1,084 | 1,193 |
| Federal non-grant assistance to territories and state and local governments | 2 | 2 |
| Total federal grant and non-grant assistance per the federal government | 1,086 | 1,195 |
| Difference between federal and state and local reporting of transfers | 145 | 65 |
| Total federal grant and non-grant assistance per state and local governments | $ 1,231 | $ 1,260 |

## Federal debt securities held as investments by government accounts

### Federal accounts

| (In billions) | Balance 2022 | Net Change in Fiscal Year 2023 | Balance 2023 |
|---|---|---|---|
| Social Security Administration, Federal Old-Age and Survivors Insurance Trust Fund | $ 2,724 | $ (50) | $ 2,674 |
| Department of Defense, Military Retirement Fund | 1,195 | 172 | 1,367 |
| Office of Personnel Management, Civil Service Retirement and Disability Fund | 1,012 | 25 | 1,037 |
| All other programs and funds | 1,699 | 60 | 1,759 |
| Subtotal | 6,630 | 207 | 6,837 |
| Total net unamortized premiums/(discounts) for intergovernmental | 89 | (50) | 39 |
| Total intergovernmental debt holdings, net | $ 6,719 | $ 157 | $ 6,876 |

Intra-governmental debt holdings represent the portion of the gross federal debt held as investments by federal government entities such as trust funds, revolving funds, and special funds.

Federal government entities that held investments in Treasury securities include trust funds that have funds from dedicated collections. For additional information, see *Note 22 – Funds from dedicated collections*. These intra-governmental debt holdings are eliminated in the consolidation of the federal financial statements in the *Financial Report*.

### State accounts

| (In billions) | 2023 | 2022 |
|---|---|---|
| Treasury securities – non-pension | $ 1,366 | $ 1,279 |
| Treasury securities – pension | 348 | 369 |
| Loans from the federal government | (24) | (23) |
| Net federal assets held by state and local governments | $ 1,690 | $ 1,625 |

Federal assets and liabilities held by state and local governments, as shown in the table above, were included in our Federal Reserve source data for state and local governments. In preparing combined balance sheets for our Government, we eliminated these intergovernmental holdings, both in the combined balance sheets and in the accompanying footnotes.

## Note 26 – Offsetting amounts

Within our income statements, we have offset certain amounts and reported them as either net revenues or expenditures rather than showing the gross revenues and expenditures. Key offsetting amounts are shown in the table below.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| (In billions) | Revenues | Expenditures | Net | Revenues | Expenditures | Net |
| Employee retirement and disability | $ 197 | $ 626 | $ 429 | $ 186 | $ 593 | $ 407 |
| Higher education | 133 | 366 | 233 | 127 | 342 | 215 |
| Transit systems | 12 | 96 | 84 | 10 | 82 | 72 |
| Public hospitals | 240 | 285 | 45 | 224 | 262 | 38 |
| Sewerage and waste management | 99 | 111 | 12 | 92 | 101 | 9 |
| US Postal Service | 79 | 85 | 6 | 82 | 85 | 3 |
| Tennessee Valley Authority | 55 | 55 | — | 61 | 61 | — |
| Water utilities | 86 | 87 | 1 | 81 | 77 | (4) |
| Gas and electric utilities | 109 | 102 | (7) | 95 | 87 | (8) |
| Other key offsetting amounts | 191 | 321 | 130 | 151 | 128 | (23) |
| Total offsetting amounts | $ 1,201 | $ 2,134 | $ 933 | $ 1,109 | $ 1,818 | $ 709 |

See descriptions of our Government-run business that are presented above (e.g. Tennessee Valley Authority) at *Exhibit 99.03*.

## Note 27 - Disclosure entities and related parties

SFFAS No. 47, *Reporting Entity* provides criteria for identifying organizations that are consolidation entities, disclosure entities, and related parties, and how such organizations are reported within the *Financial Report*. For consolidation entities, the assets, liabilities, results of operations, and related activity are consolidated into the federal government's financial statements. For disclosure entities and related parties, balances and transactions with such entities are included in the financial statements and certain information about their relationship with the federal government is disclosed in the notes to the consolidated financial statements. Disclosure entities and related parties are important to the *Financial Report* but are not consolidated into the federal government's financial statements.

### Disclosure Entities

Disclosure entities are organizations similar to consolidation entities in that they are either: a) in the federal budget; b) majority owned by the federal government; c) controlled by the federal government; or d) would be misleading to exclude. Disclosure entities have a greater degree of autonomy with the federal government than consolidation entities. In addition, organizations may be owned or controlled by the federal government as a result: of a) regulatory actions (such as organizations in receivership or conservatorship); or b) other federal government intervention actions. Under such regulatory or other intervention actions, if the relationship with the federal government is not expected to be permanent, such entities generally would be classified as disclosure entities based on their characteristics taken as a whole.

Based on the criteria in GAAP for federal entities, the disclosure entities in the *Financial Report* are Federal Reserve (FR) System, SPVs, Fannie Mae, Freddie Mac, and National Railroad Passenger Corporation (more commonly referred to as Amtrak). In addition, there are additional disclosure entities reported by component reporting entities that do not meet the qualitative or quantitative criteria in SFFAS No. 47 to be reported in the *Financial Report*.

#### Federal Reserve System

Congress, under the *Federal Reserve Act*, created the FR System. The FR System includes the Federal Reserve Board, the FRB, and Federal Open Market Committee (FOMC). Collectively, the FR System serves as the nation's central bank and is responsible for formulating and conducting monetary policy, issuing and distributing currency (Federal Reserve Notes), supervising and regulating financial institutions, providing nationwide payment systems (including large-dollar transfers of

funds, Automated Clearing House operations, and check collections), providing certain financial services to federal entities and fiscal principals, and serving as the federal government's bank. Monetary policy includes actions undertaken by the FR System that influence the availability and cost of money and credit as a means of helping to promote national economic goals. The FR System also conducts operations in foreign markets in order to counter disorderly conditions in exchange markets or to meet other needs specified by the FOMC to carry out its central bank responsibilities. The FR System is considered an independent central bank, and the executive branch of the federal government does not ratify its decisions.

The 12 FRB are chartered under the *Federal Reserve Act*, which requires each member bank to own the capital stock of its FRB. Each FRB has a board of directors that exercises supervision and control of each FRB, with three members appointed by the Federal Reserve Board, and six board members elected by their member banks. The FRB participate in formulating and conducting monetary policy, distributing currency and coin, and serving as the federal government's fiscal agent, as well as the fiscal agent for other fiscal principals. Fiscal principals, generally speaking, relate to banks, credit unions, and savings and loan institutions. Additionally, the FRB provide short-term loans to depository institutions and loans to participants in programs or facilities with broad-based eligibility in unusual and crucial circumstances when approved by the Federal Reserve Board and the Secretary of the Treasury.

The federal government interacts with FRB in a variety of ways, including the following:

- The FRB serve as the federal government's fiscal agent and depositary, executing banking and other financial transactions on the federal government's behalf. The federal government reimburses the FRB for these services;
- The FRB hold Treasury and other federal securities in the FRBs' System Open Market Account (SOMA) for the purpose of conducting monetary policy (see *Note 12 - Debt and interest payable*);
- The FRB hold gold certificates issued by the federal government in which the certificates are collateralized by gold (see *Note 2 - Cash and other monetary assets*);
- The FRB hold SDR certificates issued by the federal government which are collateralized by SDR (see *Note 2 - Cash and other monetary assets*); and
- The FRB are required by Federal Reserve Board policy to transfer their excess earnings to the federal government.

## Federal Reserve System Structure

The Federal Reserve Board is an independent organization governed by seven members who are appointed by the President and confirmed by the Senate. The full term of a Federal Reserve Board member is 14 years, and the appointments are staggered so that one term expires on January 31 of each even-numbered year. The Federal Reserve Board has a number of supervisory and regulatory responsibilities for institutions including, among others, state-chartered banks that are members of the FR System, bank holding companies, and savings and loan holding companies. In addition, the Federal Reserve Board has general supervisory responsibilities for the 12 FRB, and issues currency (Federal Reserve Notes) to the FRB for distribution.

The FOMC is comprised of the seven Federal Reserve Board members and five of the 12 FRB presidents, and is charged with formulating and conducting monetary policy primarily through open market operations (the purchase and sale of certain securities in the open market), the principal tool of national monetary policy. These operations affect the amount of reserve balances available to depository institutions, thereby influencing overall monetary and credit conditions.

## Federal Reserve Monetary Policy Action

Monetary policy comprises the Federal Reserve's actions and communications to promote maximum employment, stable prices, and moderate long-term interest rates; the economic goals the Congress has instructed the Federal Reserve to pursue.

During fiscal year 2023, Consumer price inflation, as measured by the 12-month change in the price index for Personal Consumption Expenditures was 4% in April 2023, down from its peak of 7% in June 2022, but still well above the FOMC 2% objective.

In the beginning of fiscal year 2023, in response to high inflation, the FOMC continued to increase interest rates and reduce its securities holdings. In November 2022, the FOMC decided to raise the target range for the federal funds rate by 0.75% to 3.75% to 4%. In December 2022, considering the cumulative tightening of monetary policy and the lags with which monetary policy affects economic activity and inflation, the FOMC slowed the pace of policy tightening. The FOMC decided to raise the target range for the federal funds rate to 4.25% to 4.5% in December 2022. By March 2023, the FOMC decided to raise the target range for the federal funds rate to 4.75% to 5%. In May 2023, the FOMC decided to raise the target range for the federal funds rate to 5% to 5.25%. In July 2023, the FOMC continued to raise the target range for the federal funds rate reaching 5.25% to 5.5%.

The FOMC began reducing its securities holdings in June 2022 and, since then, has continued to implement its plan for significantly reducing the size of the Federal Reserve's balance sheet in a predictable manner. Since September 2022, principal payments from securities held in the SOMA have been reinvested only to the extent that they exceeded monthly caps of $60 billion per month for Treasury securities and $35 billion per month for agency mortgage-backed securities. The FRB balance sheet developments may be obtained at https://www.federalreserve.gov/monetarypolicy/publications/balance-sheet-developments-report.htm.

### Federal Reserve System Assets, Liabilities, Revenues, Expenses, Gains, and Losses

The FRB hold Treasury and other securities in the SOMA for the purpose of conducting monetary policy. As of September 30, 2023, Treasury securities held by the FRB totaled $3 trillion, which excludes $2 trillion in Treasury securities used in overnight reverse repurchase transactions. As of September 30, 2022, Treasury securities held by the FRB totaled $3 trillion, which excludes $3 trillion in Treasury securities used in overnight reverse repurchase transactions. Such securities are included in federal debt and interest payable (see *Note 12 – Debt and interest payable*). For fiscal years ended September 30, 2023, and 2022, Treasury incurred interest cost relating to the FRB's Treasury holdings amounting to $105 billion and $115 billion, respectively, which is included in interest on Treasury securities held by the public on the Statement of Net Cost. Unrestricted Cash held on deposit at the FRB as of September 30, 2023, and 2022, was $639 billion and $617 billion, respectively, and are included in cash and other monetary assets. In addition, restricted cash as of September 30, 2023, and 2022, was $56 billion and $47 billion, respectively; a significant portion is held on deposit at the FRB (see *Note 2 – Cash and other monetary assets*). The outstanding SDR certificates issued by the federal government to the Federal Reserve, valued at $5 billion as of September 30, 2023, and 2022, are reported under Other Liabilities on the federal government's Balance Sheet (see *Note 18 – Other liabilities*).

Treasury securities are generally subject to the same market condition as other financial instruments. In the open market, the FRB purchase and sell Treasury securities as a mechanism for controlling the money supply.

Financial and other information concerning the FR System, including financial statements for the Federal Reserve Board and the FRB, may be obtained at https://federalreserve.gov.

### FRB Residual Earnings Transferred to the Federal Government

FRB generate income from interest earned on securities, reimbursable services provided to federal entities, and the provision of priced services to depository institutions, as specified by the *Monetary Control Act of 1980*. Although the FRB generate earnings from carrying out open market operations (via the earnings on securities held in the SOMA account), their execution of these operations is for the purpose of accomplishing monetary policy rather than generating earnings. Each FRB is required by Federal Reserve Board policy to transfer to the federal government its residual (or excess) earnings, after providing for the cost of operations, payment of dividends, and surplus funds not to exceed an FRB's allocated portion of an aggregate of $7 billion for all FRB. These residual earnings may vary due to, among other things, changes in the SOMA balance levels that may occur in conducting monetary policy. If an FRB's earnings for the year are not sufficient to provide for the cost of operations, payment of dividends, or allocated portion of $7 billion aggregate surplus funds limitation, an FRB will suspend its payments to the federal government until such earnings become sufficient. These funds are part of restricted cash at the Federal Reserve (see *Note 2 – Cash and other monetary assets*). The FRB residual earnings of $1 billion and $107 billion for fiscal years ended September 30, 2023, and 2022, respectively, are reported as other taxes and receipts on the Statements of Operations and Changes in Net Position. Accounts receivable, net, includes a receivable for FRB's residual earnings which represents the earnings due to the General Fund as

of September 30, but not collected by the General Fund until after the end of the month (see *Note 3 – Accounts receivable, net*).

### Special purpose vehicles

In response to the COVID-19 pandemic, Treasury holds equity investments in SPVs established by the Federal Reserve Board for the purpose of enhancing the liquidity of the US financial system. Involvement in these programs represents non-permanent intervention activities designed to help mitigate the economic impacts of the pandemic. Accordingly, the federal government's equity interests in these SPVs meet the SFFAS No. 47 criteria for classifying our SPV investments as disclosure entities. These entities are not consolidated as part of the federal government's consolidated financial statements; however, the value of the investments in the SPVs, changes in value, and related activity with the SPVs are included in the federal government's consolidated financial statements (see *Note 7 – Investments*).

### Fannie Mae and Freddie Mac

In 2008, during the financial crisis, the federal government placed Fannie Mae and Freddie Mac under conservatorship to help ensure their financial stability. These entities meet the criteria in SFFAS No. 47, for disclosure entities as both: a) "receiverships and conservatorships,"; and b) as entities wherein "federal government intervention actions resulted in control or ownership" with intervention actions not expected to be permanent. Accordingly, these entities are not consolidated into the federal government's consolidated financial statements. However, the values of the investments in such entities, changes in value, and related activity with these entities are included in the federal government's consolidated financial statements (see *Note 8 – Investments in government-sponsored enterprises* for additional information).

### Amtrak

Amtrak was incorporated in 1971 pursuant to the *Rail Passenger Service Act of 1970* and is authorized to operate a nationwide system of passenger rail transportation. Amtrak is a private, for-profit corporation under 49 U.S.C. § 24301 and D.C. law. It is not a department, entity, or instrumentality of the federal government. Amtrak's classification as a disclosure entity is attributable to being: a) listed in the federal budget; b) financed mostly by sources other than taxes; and c) governed by an independent Board of Directors, which is comprised of 10 directors. The Secretary of Transportation, who is a director by statute, and eight of the other Amtrak directors, are appointed by the President with the advice and consent of the US Senate. The President of Amtrak also is a board member and is appointed by the board. Amtrak does not take actions on behalf of the federal government but benefits the national economy by providing a transportation option in 46 states and the D.C.

The federal government (through the DOT) owns 100% of Amtrak's preferred stock (109,396,994 shares of $100 par value). Each share of preferred stock is convertible into ten shares of common stock. The common stockholders have voting rights for "amendments to Amtrak's Articles of Incorporation proposed by the Board of Directors and for certain other extraordinary events." Although Section 4.02(g) of the Amtrak Articles of Incorporation allow for the conversion of preferred stock to common stock, current federal government administrative policy is to not convert its holdings without congressional authorization. Section 4.02(g) of the Amtrak Articles of Incorporation does not limit the timing of conversion or require any preapprovals. Conversion is effective the business day following receipt of written notice of the holder's election to convert. The federal government does not recognize the Amtrak preferred stock in its financial statements because, under the corporation's current financial structure, the preferred shares do not have a liquidation preference over the common shares, the preferred shares do not have any voting rights, and dividends are neither declared nor in arrears.

In addition to the purchase/ownership of the Amtrak preferred stock, the federal government has provided funding to Amtrak, since 1972, primarily through grants and loans. Amtrak receives grants from the federal government that cover a portion of the corporation's annual operating expenses and capital investments. Funding provided to Amtrak through grant agreements are included in the federal budget and the DOT financial statements. For the fiscal year ended September 30, 2023, the net cost amount related to grants was $3 billion, and total budgetary outlays were $3 billion. For the fiscal year ended September 30, 2022, the net cost amount related to grants was $3 billion, and total budgetary outlays were $2 billion.

The federal government (through the DOT) has possession of two long-term notes with Amtrak. The first note is for $4 billion and matures in 2975 and, the second note is for $1 billion and matures in 2082 with renewable 99-year terms. Interest is not accruing on these notes as long as the current financial structure of Amtrak remains unchanged. If the financial structure of Amtrak changes, both principal and accrued interest are due and payable. The federal government does not recognize the long-term notes in its financial statements since the notes, with maturity dates of 2975 and 2082, are considered fully uncollectible due to the lengthy terms, Amtrak's history of operating losses, and ability to generate funds for repayment. Amtrak's ability to continue to operate in its current form is dependent upon the continued receipt of subsidies from the federal government.

Financial statements and other information (including loans) concerning Amtrak may be obtained at https://www.amtrak.com/reports-documents and https://www.transportation.gov/fy23-afr.

## Related Parties

Related parties exist if the existing relationship, or one party to the existing relationship, has the ability to exercise significant influence over the party's policy decisions. Related parties do not meet the principles for inclusion, but are reported in the *Financial Report* if they maintain relationships of such significance that it would be misleading to exclude.

Based on the criteria in SFFAS No. 47, the related parties reported in the *Financial Report* are Federal Home Loan Banks (FHLBanks), IMF, Multilateral Banks, and Private Export Funding Corporation (PEFCO). In addition, there are additional related parties reported by component reporting entities that do not meet the criteria to be reported in the *Financial Report*.

### Federal Home Loan Banks

The federal government is empowered with supervisory and regulatory oversight of the 11 FHLBanks. The federal government is responsible for ensuring that each regulated entity operates in a safe and sound manner, including maintenance of adequate capital and internal control, and carries out its housing and community development finance missions. Each FHLBank operates as a separate federally chartered corporation with its own board of directors, management, and employees. The FHLBanks are GSEs that were organized under the *Federal Home Loan Bank Act of 1932*, to serve the public by enhancing the availability of credit for residential mortgages and targeted community development. They are financial cooperatives that provide a readily available, competitively-priced source of funds to their member institutions. The FHLBanks are not federal government entities and do not receive financial support from taxpayers. The federal government does not guarantee, directly or indirectly, the debt securities or other obligations of FHLBanks.

By law, in the event of certain adverse circumstances, Treasury is authorized to purchase up to $4 billion of obligations of the FHLBanks. This authority may be exercised only if alternative means cannot be effectively employed to permit the FHLBanks to continue to supply reasonable amounts of funds to the mortgage market, and the ability to supply such funds is substantially impaired because of monetary stringency and a high level of interest rates. Any funds borrowed from Treasury shall be repaid by the FHLBanks at the earliest practicable date. Treasury has not used such authority. Also, in accordance with the *Government Corporations Control Act*, Treasury prescribes certain terms concerning the FHLBanks issuance of obligations to the public. Financial and other information concerning FHLBanks including financial statements may be obtained at https://fhlbanks.com/.

### International Monetary Fund and Multilateral Development Banks

The IMF's primary purpose is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries to transact with each other. Member countries provide resources for IMF loans through their subscription quotas (quotas). The IMF also has additional pools of resources that can be used in the event of a crisis that requires lending beyond the level available from quota resources: 1) the New Arrangements to Borrow (NAB); 2) bilateral borrowing arrangements; and 3) additional allocation of SDRs. Participation in the IMF works like an exchange of monetary assets.

Quotas are the principal component of the IMF's financial resources and are denominated in SDR. The size of each member's quota is based broadly on its relative position in the world economy. The US holds the largest quota of any IMF member. Since 2016, US quota in the IMF has been about SDR 83 billion. The equivalent dollar value of the quota total US as of September 30, 2023, and 2022, was approximately $109 billion and approximately $106 billion, respectively. The federal government has funded a portion of US quota to the IMF for lending, represented by US reserve position at the IMF, while the remainder of the US quota is represented by a letter of credit on which the IMF can draw as needed for lending. The US reserve position was approximately $32 billion as of September 30, 2023, and approximately $31 billion as of September 30, 2022, with the remaining undrawn letter of credit representing the balance (see *Note 2 – Cash and other monetary assets* and *Note 20 – Commitments*). The federal government's quota serves as the key determinant for its 17% share of voting rights in various IMF decisions. Since certain key IMF decisions require approval by at least 85% of the voting power, the federal government (represented by the Secretary of the Treasury) holds a substantial voice in the IMF and exercises significant influence over IMF policies, including veto power over major IMF decisions.

Some IMF members also supplement the IMF's resources through the NAB and bilateral borrowing agreements. Through the NAB, the US and other participating members make additional resources available to the IMF if required to cope with or forestall an impairment of the international monetary system. In accordance with the CARES Act, effective January 1, 2021, US participation in the NAB increased by SDR 28 billion. Accordingly, the federal government's participation in the NAB as of September 30, 2023, and 2022, was SDR 56 billion respectively, which is equivalent to $74 billion and $72 billion, respectively. When the federal government transfers funds to the IMF under the NAB, it receives a liquid and interest-bearing claim on the IMF. As of September 30, 2023, and 2022, loans outstanding to the IMF from the federal government under the NAB stood at $100 million and $500 million, respectively. These loans were reported under Loans Receivable, Net on the Balance Sheet. The NAB is not currently activated, and the US has veto power over its activation, as well as over most changes to its terms or size. The federal government does not have a bilateral borrowing agreement with the IMF, though it exercises indirect control over their activation, since NAB activation is a prerequisite for the IMF to draw on its bilateral borrowing arrangements.

As of September 30, 2023, and 2022, the federal government's total undrawn financial commitment to the IMF was $151 billion and $146 billion, respectively, which is composed of the quota related letter of credit and the undrawn portion of the NAB (see *Note 20 – Commitments*).

Under the IMF Articles of Agreement, the IMF may allocate SDRs to member countries in proportion to their IMF quotas. SDR allocations are an international reserve asset created by the IMF to supplement its member countries' official reserves. In fiscal year 2021, the IMF approved a historic allocation of SDRs of $650 billion to further support the COVID-19 recovery. This was the largest allocation in the IMF's history, which substantially boosted the reserves and liquidity of the IMF's member countries, without adding to their debt burdens. The US received an additional 80 billion SDRs valued at $113 billion as a part of this historic allocation. The SDR allocation creates an asset and a liability on the Balance Sheet but does not increase the IMF's available lending resources. The SDR asset as of September 30, 2023, and 2022, amounted to $163 billion and $154 billion, respectively, and includes the SDR allocation as well as purchased SDR (see *Note 2 – Cash and other monetary assets*). The SDR liability as of September 30, 2023, and 2022, amounted to $151 billion and $147 billion, respectively (see *Note 18 – Other Liabilities*).

The value of the SDR is based on a weighted average of the US dollar, euro, Chinese renminbi, Japanese yen, and pound sterling. More information on the SDR valuation can be found at https://www.imf.org.

Historically, IMF has never experienced a default by a borrowing country. The federal government, which is not directly exposed to borrowers from the IMF, has never experienced a loss of value on its IMF quota or an instance of non-repayment, and it is not likely that the federal government will experience future losses as a result of its additional commitments.

Additionally, the federal government invests in and provides funding to the MDBs to support poverty reduction and promote sustainable economic growth in developing countries. The MDBs provide financial and technical support by means of strengthening institutions, providing assistance that addresses the root causes of instability in fragile and conflict-affected countries, responding to global crisis, and fostering economic growth and entrepreneurship. The federal government's participation in the MDBs is in the form of financial contributions used to ensure the effectiveness and

impact of the MDBs' global development agenda. The US has voting power in each of the MDBs to which it contributes, ranging from approximately 6% to 50% (see *Note 10 – Other assets* and *Note 20 – Commitments* for additional information).

### Private Export Funding Corporation

The financial statements reflect the results of agreements with PEFCO. PEFCO, is owned by a consortium of private-sector banks, industrial companies, and financial services institutions. It makes and purchases from private sector lenders, medium-term and long-term fixed-rate, and variable-rate loans guaranteed by Export-Import Bank of the US (EXIM Bank) to foreign borrowers to purchase US made equipment "export loans."

EXIM Bank's credit and guarantee agreement with PEFCO provides that EXIM Bank will guarantee the due and punctual payment of interest on PEFCO's secured debt obligations which EXIM Bank has approved, and it grants to EXIM Bank a broad measure of supervision over certain of PEFCO's major financial management decisions, including the right to have representatives be present in all meetings of PEFCO's Board of Directors, advisory board, and exporters' council, and to review PEFCO's financials and other records. However, EXIM Bank does not have voting rights and does not influence normal operations. In September 2020, the EXIM Board of Directors unanimously voted to renew its agreement with PEFCO for 25 years.

PEFCO has an agreement with EXIM Bank which provides that EXIM Bank will generally provide PEFCO with an unconditional guarantee covering the due and punctual payment of principal and interest on export loans PEFCO makes and purchases. PEFCO's guarantees on the export loans plus the guarantees on the secured debt obligations aggregating to $2 billion at September 30, 2023 and $2 billion at September 30, 2022, are included by EXIM Bank in the total for guarantee, insurance and undisbursed loans and the allowance related to these transactions is included in the Loan Guarantee Liabilities on the Balance Sheets.

EXIM Bank received fees totaling $22 million in fiscal year 2023 and $29 million in fiscal year 2022 for the agreements.

## Note 28 – Public-private partnerships

The federal government enters into various collaborative relationships with private sector entities in which the goals, structures, governance, roles and responsibilities are mutually determined to produce a risk-sharing arrangement. These relationships are referred to as Public-Private Partnerships (P3s), in accordance with SFFAS No. 49, *Public-Private Partnerships: Disclosure Requirements*. Although there are inherent financial risks to the federal government in these types of complex, risk-sharing arrangements, P3s by nature are used to manage certain risks, and federal entities take steps to mitigate risks of loss to the federal government and continue to evaluate the risks associated with these arrangements. P3 arrangements that federal entities identified are related to energy savings, broadband network and communication projects, and housing and building rehabilitation projects. While many of the federal government's relationships may be referred to as a P3, only those meeting the disclosure requirements outlined in SFFAS No. 49 are disclosed.

First Responder Network Authority (FirstNet) was created to develop, deploy, and enhance wireless broadband communications for first responders; to give 21st century communication tools to help save lives; and to keep US communities and responders safe. This network must be designed to be reliable, functional, safe, and secure, and to provide optimal levels of operational capability at all times. The NPSBN is being built out, deployed, operated, and maintained under a 25-year contract awarded by FirstNet to AT&T in March 2017. The service will cover all 50 US states, five territories, and D.C., including rural communities and tribal nations. Under the terms of the contract, total receipts for DOC over the life of the contract are $18 billion based on annual payments AT&T is required to make. FirstNet oversees and monitors the contract with AT&T to ensure it delivers on the requirements associated with deploying, operating, and maintaining the NPSBN through various mechanisms, including subscriber adoption targets, successful milestone completion, disincentives, and other mechanisms outlined in the contract. Additionally, DOC is required to make payments to AT&T for success-based payment milestones under firm-fixed price buildout and continuing enhancement Task Orders.

DOD identified Military Housing Privatization Initiative (MHPI) agreements as P3s requiring disclosure. The MHPI agreements are with private sector entities established as Limited Liability Company (LLCs) or Limited Partnership (LPs). These MHPI project LLC and LP entities with Private Partners serve as the project's managing members and have direct managerial control allowing DOD to work with the private sector to build, renovate, and sustain military housing by obtaining private capital to leverage federal government dollars. By engaging MHPI agreements, DOD benefits through use of private industry expertise and tools, improving the condition of military housing more expediently and efficiently than the traditional military construction process would allow. Private Partners serve as the majority managing member ensuring performance objectives are met over the expected life of the agreement. Military departments generally serve as the minority member and enter a long-term ground lease (generally 50 years), and convey the associated real property assets (buildings, structures, facilities, and utilities) to the MHPI project LLC or LP. The contractual terms and termination clauses vary by agreement. The DOD's involvement in the operations and management of the MHPI LLC or LP is governed by evaluating the percentage of ownership interest and analyzing ownership control indicators, which determine the level of influence over the partnership. The DOD provides funding to the LLC or LP through:

- Equity Investments - Provision of cash and transfer of real property ownership (land, housing units, and other structures) to a project and, in return, the DOD receives a portion of that project's profits and losses. If the investment is sold, the DOD receives compensation. Refer to *Note 7 – Investments* for more information.
- Federal Government Direct Loans - Provision of cash to a project with the expectation of future payment;
- Federal Government Loan Guarantees - Agreement to pay a percentage of the outstanding balance on a non-government loan in the event of nonpayment by the project;
- Differential Lease Payments - Provision of monthly payments to a project above the Basic Allowance for Housing paid by the military personnel.

DOD continues to assess agreements using criteria from SFFAS No. 49 to determine if there are additional P3s to disclose. DOD will report these agreements as soon as these assessments are complete.

The consolidated amounts the federal government received and paid in fiscal year 2023 were $300 million and $15 billion, respectively. The estimated amounts to be received and paid in the aggregate over the expected life of the P3s is $23 billion and $24 billion, respectively. Please refer to the financial statements of DOC, DOD and GSA for additional information.

## Note 29 – COVID-19 activity

The global spread of COVID-19 over the past several years resulted in a severe global health and economic crisis. From March 2020 until the expiration of the federal Public Health Emergency on May 11, 2023, the COVID-19 pandemic caused widespread disruption to the American economy. In fiscal year 2020 and 2021, Congress took steps to limit the damage the pandemic caused in the US by passing several key statutes, including the CARES Act, the CAA, and the ARP. The relief funding these legislative Acts provided helped reduce the financial burden on individuals, and their families, minimized business and employment losses and enhance the liquidity of the US financial system. In addition to the fiscal year 2022 and fiscal year 2021 rescission pursuant to the *Infrastructure Investment and Jobs Act* and the CAA, respectively on June 3, 2023, Congress passed the *Fiscal Responsibility Act of 2023* which rescinded certain unobligated funds that were provided by these legislative acts.

The COVID-19 related legislation provided supplemental appropriations totaling $5 trillion for federal entities to respond to COVID-19 since the beginning of the pandemic and includes enacted rescissions, returns of unused permanent and indefinite authority and obligation adjustments. Significant impacts of these programs on the federal government's fiscal year 2023 and 2022 Balance Sheet and financial results are discussed below. For additional information regarding COVID-19 relief efforts please refer to Treasury, HHS, and Education's financial statements.

Treasury's COVID-19 programs established under the legislative acts enacted in response to the pandemic include taxpayer support programs through Economic Impact Payment (EIPs) and tax credits, programs directed through state, local, territorial, and tribal government to support job retention, renter and homeowners' assistance, capital projects, and small business initiatives. Support for the American industry and financial markets was provided to assist with business

losses incurred as a result of COVID-19 through the use of payroll support, loans, and purchasing debt and commercial paper to support key US financial markets. Additional support was provided to American small businesses through Community Development Financial Institutions. Treasury's net costs related to COVID-19 relief efforts were $59 billion and $164 billion for fiscal years ending September 30, 2023, and 2022, respectively, and do not include costs related to EIPs and tax credits. The decrease in Treasury's COVID-19 net costs is mainly due to the reduction in expense recognition of support to state, local, territorial, and tribal programs.

The federal government invested in SPVs for the purpose of enhancing the liquidity of the US financial system. As of September 30, 2023, and 2022, Treasury had $15 billion and $18 billion, respectively, of equity investments in SPVs established through the FRBNY and FRBB. The SPVs were established by the FRBNY and FRBB in 2020 to make loans and purchase debt and other commercial paper of eligible entities affected by COVID-19. Treasury's funds remaining in the SPVs funded under the CARES Act cannot be used for further lending, asset purchase, or extensions of credit.

HHS received funding to support, prevent, prepare for, and respond to COVID-19, both domestically and internationally, by providing expense reimbursements to assist eligible healthcare providers, advance research, development, manufacturing, production and purchase of COVID-19 vaccines, testing and related supplies, financial support to childcare providers, support for contract tracing, and mitigation activities. HHS's net cost of operations other than Centers for Medicare & Medicaid Services decreased by $62 billion primarily due to the Public Health and Social Services Emergency Fund. HHS's outlays related to COVID-19 activity totaled $61 billion and $130 billion in fiscal year 2023 and fiscal year 2022, respectively. HHS's rescission related to the COVID-19 appropriations that funded several programs totaled $10 billion as of September 30, 2023. Remaining amounts are being used to support research and development for next generation COVID-19 vaccines, strengthening the pharmaceutical supply chain, and addressing healthcare workforce shortages.

Education's COVID-19 appropriations provided funding for a variety of programs administered primarily through grant programs. The COVID-19 relief legislation and administrative actions also provided support for student loan borrowers primarily by temporarily suspending nearly all federal loan payments. Additional broad-based debt was announced in fiscal year 2022 to address the financial harms of the pandemic. However, the effect of the debt relief was reversed by the Supreme Court's ruling as of June 30, 2023. COVID-19 loan modifications are a component of subsidy expense, which increased the overall loan receivable balances and Education's net cost decreased by $237 billion due to the loan modifications, reestimates (subsidy expense), and grant expenses. The significant financial statements impact of these programs can be found within *Note 4 — Loans receivable, net and loan guarantee liabilities*. Education's direct outlays related to COVID-19 activity totaled $66 billion and $80 billion in fiscal year 2023 and fiscal year 2022, respectively.

## Note 30 – Subsequent events

Similar to the transaction that is described in *Note 4 — Loans receivable, net and loan guarantee liabilities*, in January 2024, Treasury purchased four additional notes in connection with Silicon Valley Bridge Bank, N.A. for a total of $43 billion, guaranteed by the FDIC in its corporate capacity as deposit insurer and regulator.

## Item 9A. Controls and Procedures

We are documenting the processes and related controls we use to obtain, store, and present our Government's revenue, expenditures, and metrics data. Once the documentation is complete, it will support our assertion that our processes and controls are suitably designed and operate effectively to completely and accurately obtain and publish our data set. We are unable to identify the controls and procedures at all of our sources.

# Part III

## Item 10. Executive Officers and Governance

### Executive officers

A list of key executive officers and biographical information appears in *Part I. Item 1. Purpose and Function of Our Government* within this annual report.

### Governance

#### Federal government

All federal government employees are required to act in accordance with the general *Code of Ethics for Government Service*, codified as P.L. 96-303.

#### Legislative

The ethical conduct of the elected members of Congress is prescribed by either the *House Ethics Manual or the Senate Ethics Manual*, as applicable.

##### Executive

*Title 5, Chapter XVI, Subchapter B, Part 2635* of the *Code of Federal Regulations* lays out *Standards for Ethical Conduct for Employees of the Executive Branch***.** In addition, President Biden signed the *Executive Order on Ethics Commitments by Executive Branch Personnel* on January 20, 2021, which laid out rules on how executive branch appointees were to conduct themselves and required every appointee in every executive agency to sign an ethics pledge. These rules allowed for a waiver in certain circumstances, which when granted, were posted at https://www.whitehouse.gov/disclosures/. This order was rescinded by the Trump Administration on January 20, 2025, and the waivers now found at this website are not ethics waivers.

##### Judicial

Federal judges must abide by the *Code of Conduct for United States Judges*, a set of ethical principles and guidelines adopted by the Judicial Conference of the United States. The Code of Conduct provides guidance for judges on issues of judicial integrity and independence, judicial diligence and impartiality, permissible extra-judicial activities, and the avoidance of impropriety or even its appearance. Judges may not hear cases in which they have either personal knowledge of the disputed facts, a personal bias concerning a party to the case, earlier involvement in the case as a lawyer, or a financial interest in any party or subject matter of the case.

Employees of the federal Judiciary are expected to comply with the *Code of Conduct for Judicial Employees*, including observing high standards of conduct so that the integrity and independence of the Judiciary are preserved, and the judicial employee's office reflects a devotion to serving the public.

### State and local government

State and local governments have their own codes of ethics for employees, which are too numerous to outline here.

## Item 11. Executive Officer Compensation

The total annual salaries for the individuals listed below was $10.2 million, including 2026 salaries for federal and 2024 salaries for state officers.

## Federal

For2026, the key federal officers were paid the following annual salaries:

| | |
|---|---|
| President | $ 400,000 |
| Chief Justice | 320,700 |
| Vice President | 292,300 |
| Speaker of the House | 223,500 |
| House Majority leader | 193,400 |
| House Minority Leader | 193,400 |
| Senate Majority Leader | 193,400 |
| Senate Minority Leader | 193,400 |
| Total key federal officer salary | $ 2,010,100 |

Information on the highest paid federal officers is not readily available.

# State

Salaries for governors vary widely, as shown in the table below:

| Governors' Annual Salaries | Statutory salary (annual) | % of total | Governors' Annual Salaries | Statutory salary (annual) | % of total |
|---|---|---|---|---|---|
| **50-state average**[1] | **$ 163,397** | | Missouri | $ 142,658 | 2% |
| **50-state total**[1] | **$ 8,169,842** | | Montana | $ 124,821 | 2% |
| Alabama | $ 134,780 | 2% | Nebraska | $ 105,000 | 1% |
| Alaska | $ 176,017 | 2% | Nevada | $ 170,062 | 2% |
| Arizona | $ 95,000 | 1% | New Hampshire | $ 163,510 | 2% |
| Arkansas | $ 168,439 | 2% | New Jersey | $ 175,000 | 2% |
| California | $ 211,463 | 3% | New Mexico | $ 110,000 | 1% |
| Colorado | $ 134,632 | 1% | New York | $ 250,000 | 3% |
| Connecticut[2] | $ 226,711 | 3% | North Carolina | $ 203,073 | 2% |
| Delaware | $ 171,000 | 2% | North Dakota | $ 158,355 | 2% |
| Florida | $ 141,400 | 2% | Ohio | $ 172,665 | 2% |
| Georgia | $ 182,000 | 2% | Oklahoma | $ 147,000 | 2% |
| Hawaii | $ 184,860 | 2% | Oregon | $ 98,600 | 1% |
| Idaho | $ 151,400 | 2% | Pennsylvania | $ 237,679 | 3% |
| Illinois[3] | $ 217,100 | 3% | Rhode Island | $ 163,295 | 2% |
| Indiana | $ 220,418 | 2% | South Carolina | $ 106,078 | 1% |
| Iowa | $ 130,000 | 2% | South Dakota | $ 128,872 | 2% |
| Kansas | $ 110,707 | 1% | Tennessee | $ 239,760 | 3% |
| Kentucky | $ 184,826 | 2% | Texas | $ 153,750 | 2% |
| Louisiana | $ 129,394 | 2% | Utah | $ 183,238 | 2% |
| Maine | $ 70,000 | 1% | Vermont | $ 201,136 | 3% |
| Maryland | $ 188,000 | 2% | Virginia | $ 175,000 | 2% |
| Massachusetts | $ 222,185 | 3% | Washington | $ 201,200 | 3% |
| Michigan | $ 159,300 | 2% | West Virginia | $ 150,000 | 2% |
| Minnesota | $ 127,150 | 2% | Wisconsin | $ 172,308 | 2% |
| Mississippi | $ 160,000 | 2% | Wyoming | $ 140,000 | 2% |

*f* *Figures reflect the salary amounts reported by states, but they do not all correspond to the same fiscal or calendar year, and may reflect statutory or actual pay depending on the source. Accordingly, the total and average figures and comparative percentages are not precise and are provided only for general scope and comparison.*

*ff* *Sources: Information generally obtained from the respective official state .gov websites.*

1. *Includes the foregone salaries noted below.*
2. *Connecticut - Gov. Lamont will forego his salary.*
3. *Illinois - Gov. Pritzker will forego his salary.*

## Item 13. Certain Relationships and Related Transactions, and Director Independence

Following are reported contributions to political candidates:

| (In millions) | 2008 | 2010 | 2012 | 2014 | 2016 | 2018 | 2020 | 2022 | 2024 |
|---|---|---|---|---|---|---|---|---|---|
| **To Presidential Candidates** | **$ 1,551** | **na** | **$ 1,380** | **na** | **$ 1,540** | **na** | **$ 4,074** | **na** | **$ 1,626** |
| General election candidates: | | | | | | | | | |
| Democrat | 748 | na | 738 | na | 586 | na | 1,074 | na | 900 |
| Republican | 220 | na | 483 | na | 351 | na | 743 | na | 372 |
| Other | — | na | 4 | na | 23 | na | 3 | na | 3 |
| Primary candidates of all parties | 583 | na | 154 | na | 580 | na | 2,254 | na | na |
| **To House Candidates** | **$ 983** | **$ 1,103** | **$ 1,137** | **$ 1,034** | **$ 1,050** | **$ 1,741** | **$ 1,959** | **$ 2,093** | **$ 2,042** |
| Democrat | 537 | 510 | 487 | 446 | 476 | 1,035 | 1,027 | 1,040 | 1,128 |
| Republican | 435 | 588 | 633 | 584 | 559 | 693 | 919 | 1,038 | 898 |
| Other | 11 | 5 | 17 | 4 | 14 | 13 | 13 | 15 | 15 |
| **To Senate Candidates** | **$ 434** | **$ 757** | **$ 742** | **$ 635** | **$ 594** | **$ 1,033** | **$ 2,046** | **$ 1,663** | **$ 1,231** |
| Democrat | 237 | 315 | 308 | 300 | 313 | 571 | 1,207 | 940 | 776 |
| Republican | 196 | 427 | 416 | 328 | 279 | 431 | 815 | 712 | 428 |
| Other | 1 | 15 | 18 | 8 | 2 | 31 | 24 | 11 | 28 |
| **Total contributions** | **$ 2,968** | **$ 1,860** | **$ 3,259** | **$ 1,669** | **$ 3,184** | **$ 2,774** | **$ 8,079** | **$ 3,756** | **$ 4,899** |

† *Source: Federal Election Commission (FEC). These data only show contributions that candidates and their committees must report to the FEC. The data do not, therefore, include contributions to SuperPACs or 501(c)(4) groups that are not directly to the candidate.*

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

# Part IV

## Item 15. Exhibits

| | | | Incorporated by Reference | | | |
|---|---|---|---|---|---|---|
| **Exhibit Number** | **Exhibit Description** | **Filed Herewith** | **Form** | **Period Ended** | **Exhibit** | **Publish Date** |
| 99.01 | Government sources | X | | | | |
| 99.02 | Cash and accrual bases of accounting | X | | | | |
| 99.03 | Government-run businesses | X | | | | |
| 99.04 | Composition of segment expenditures | X | | | | |
| 99.05 | Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (the Trustees) projections of OASDI trust fund solvency | X | | | | |
| 99.06 | The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds projections of Medicare trust funds solvency | X | | | | |
| 99.07 | Cohort table creation | X | | | | |
| 99.08 | Excluded Form 10-K content | X | | | | |
| 99.09 | Data reliability considerations | X | | | | |
| 99.10 | Data comparability considerations | X | | | | |
| 99.11 | Modification of data | X | | | | |

# Endnotes

1. Much of the information in this section was derived from https://bidenwhitehouse.archives.gov/about-the-white-house/our-government/state-local-government/.
2. Much of the information in this section was derived from https://www.census.gov/programs-surveys/gus/technical-documentation/methodology/population-of-interest1.html.
3. Much of the information in this section was derived from https://www.irs.gov/.
4. The information in this paragraph was derived from https://www.jct.gov/getattachment/07a143e4-277b-4344-b230-c499a9c16be3/OECD-Pillar-Two-Report-June-2023.pdf.
5. https://www.federalreserve.gov/aboutthefed/section7.htm
6. *Individual Income Tax Provisions in the States, Informational Paper 3* by the Wisconsin Legislative Fiscal Bureau, January 2025, found at https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2025/0003_individual_income_tax_provisions_in_the_states_informational_paper_3.pdf
7. Government of the District of Columbia, *2022 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison,* https://ora-cfo.dc.gov/sites/default/files/dc/sites/ora-cfo/publication/attachments/2022%2051City%20Study_Final.pdf, page 26
8. Budget process information in this section comes primarily from *Budget Process in the States* by the National Association of State Budget Officers, 2021 version, found at https://www.nasbo.org/reports-data/budget-processes-in-the-states.
9. The majority of the information in this section was derived from https://www.federalreserve.gov/aboutthefed/structure-federal-reserve-system.htm. The Federal Reserve balance sheets were sourced from https://www.federalreserve.gov/releases/z1/default.htm.
10. The majority of the information in this section was derived from the *Federal Home Loan Banks Combined Financial Report for the Year Ended December 31, 2025*, found at http://www.fhlb-of.com/ofweb_userWeb/pageBuilder/fhlbank-financial-data-36.
11. The information in this paragraph was derived from https://fhlbanks.com/wp-content/uploads/2024/04/Blog-post-2023-Highlights-clean-04.02.24.pdf.
12. The majority of the information in this section was derived from Fannie Mae's 2023 Annual Report on Form 10-K, found at https://www.sec.gov/Archives/edgar/data/310522/000031052224000184/fnm-20231231.htm.
13. The majority of the information in this section was derived from Freddie Mac's 2023 Annual Report on Form 10-K, found at https://www.sec.gov/Archives/edgar/data/1026214/000102621424000025/fmcc-20231231.htm.
14. The majority of the information in this section was derived from the FHFA website https://www.fhfa.gov/Conservatorship.
15. The majority of the information in this section was derived from the Farm Credit System website https://farmcredit.com/about-us/.
16. The majority of the information in this section was derived from Farmer Mac's 2025 Annual Report on Form 10-K, found at https://www.sec.gov/Archives/edgar/data/845877/000084587726000014/agm-20251231.htm.
17. The majority of the information in this section was derived from the following Social Security Administration publications: https://www.ssa.gov/pubs/EN-05-10029.pdf, https://www.ssa.gov/pubs/EN-05-10035.pdf, https://www.ssa.gov/pubs/EN-05-10084.pdf, and https://www.ssa.gov/pubs/EN-05-10085.pdf.
18. The majority of the information in this section was derived from the Social Security Administration's website https://www.ssa.gov/oact/progdata/taxRates.html.
19. The majority of the information in this section was derived from https://www.medicare.gov/.
20. Centers for Medicare and Medicaid Services publication *2013 Health and Health Care of the Medicare Population*, found at https://www.cms.gov/research-statistics-data-and-systems/research/mcbs/data-tables-items/2013hhc.
21. The majority of the information in this section was derived from https://www.medicaid.gov/medicaid/eligibility/index.html and https://www.medicaid.gov/chip/eligibility/index.html.
22. The information in this paragraph was derived from https://www.medicaid.gov/resources-for-states/coronavirus-disease-2019-covid-19/unwinding-and-returning-regular-operations-after-covid-19/index.html.
23. The information in this paragraph was derived from https://www.ers.usda.gov/amber-waves/2024/june/state-universal-free-school-meal-policies-reduced-food-insufficiency-among-children-in-the-2022-2023-school-year.
24. The majority of the information in this section was derived from https://www.fns.usda.gov/snap/recipient/eligibility.
25. The majority of the information in this section was derived from https://oui.doleta.gov/unemploy/uifactsheet.asp.
26. https://www.irs.gov/pub/irs-pdf/i940.pdf, page 5
27. The information in this paragraph was derived from the Department of Labor's *State Unemployment Insurance Trust Fund Solvency Report 2025*, found at https://oui.doleta.gov/unemploy/docs/trustFundSolvReport2025.pdf.
28. The majority of the information in this section was derived from https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit.
29. The majority of this information in this section was derived from https://www.irs.gov/affordable-care-act/individuals-and-families/the-premium-tax-credit-the-basics.
30. The majority of the information in this section was derived from https://www.ssa.gov/ssi/text-understanding-ssi.htm.
31. The majority of the information in this section was derived from https://studentaid.gov/.
32. The majority of the information in this section was derived from https://www.acf.hhs.gov/ofa/programs/tanf.
33. https://www.gao.gov/products/gao-23-105396
34. The majority of the information in this section comes from National Governors Association, including https://www.nga.org/consulting/powers-and-authority/ and https://www.nga.org/governors/.
35. https://www.bls.gov/cps/tables.htm, table 42
36. Certain of the risks outlined in these Risk Factors were derived from the Government Accountability Report to Congressional Committees, High Risk Series, *Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness, February 2025* found at https://www.gao.gov/highrisk/overview.
37. https://www.whitehouse.gov/presidential-actions/2025/01/hiring-freeze/
38. https://www.opm.gov/policy-data-oversight/latest-memos/guidance-on-agency-rif-and-reorganization-plans-requested-by-implementing-the-president-s-department-of-government-efficiency-workforce-optimization-initiative.pdf
39. Counts of reductions in force were obtained from various sources, including https://www.defense.gov/News/Releases/Release/Article/4074278/dod-probationary-workforce-statement/, https://www.hhs.gov/press-room/hhs-restructuring-doge.html, https://veterans.house.gov/news/documentsingle.aspx?DocumentID=6662, https://www.usaid.gov/, https://www.whitehouse.gov/presidential-actions/2025/03/improving-education-outcomes-by-empowering-parents-states-and-communities/, https://oversightdemocrats.house.gov/imo/media/doc/pmg-dejoy-to-congressional.leaders_3.13.2025.pdf, https://www.ssa.gov/news/press/releases/2025/#2025-02-28.
40. https://doge.gov/savings.
41. Information in this section was derived from https://www.dhs.gov/ntas/advisory/national-terrorism-advisory-system-bulletin-january-27-2021.
42. Information in this section was derived from https://www.intelligence.senate.gov/wp-content/uploads/2026/03/ATA-2026-unclassified-16-Mar-FINAL.pdf.
43. Information in this section was derived from https://usafacts.org/visualizations/coronavirus-covid-19-spread-map/.
44. https://www.cbo.gov/system/files/2026-02/61882-Outlook-2026.pdf.
45. https://www.congress.gov/crs_external_products/IN/PDF/IN12045/IN12045.6.pdf
46. *2026 National Defense Strategy*, by the US Department of War at https://media.defense.gov/2026/Jan/23/2003864773/-1/-1/0/2026-NATIONAL-DEFENSE-STRATEGY.PDF
47. https://www.war.gov/Spotlights/Operation-Epic-Fury/
48. Information in this section was derived from https://www.congress.gov/bill/117th-congress/house-bill/3684.

49. https://www.whitehouse.gov/presidential-actions/2025/06/sustaining-select-efforts-to-strengthen-the-nations-cybersecurity-and-amending-executive-order-13694-and-executive-order-14144/
50. Information in this section was derived from https://www.gao.gov/assets/gao-23-106200.pdf.
51. https://www.whitehouse.gov/presidential-actions/2025/01/return-to-in-person-work/
52. https://www.gsa.gov/real-estate/real-estate-services/real-property-disposition/assets-identified-for-accelerated-disposition
53. Information in this section was derived from https://www.bia.gov.
54. Information in this section was derived from https://www.acq.osd.mil/eie/imr/rpid/library.html.
55. https://www.cbo.gov/publication/57406
56. https://www.congress.gov/bill/117th-congress/house-bill/4346
57. https://www.congress.gov/bill/117th-congress/house-bill/5376
58. The majority of the individual and corporate income and tax data in this section was derived from the Internal Revenue Service Statistics of Income Division, found at https://www.irs.gov/uac/soi-tax-stats-statistics-of-income. See also *Exhibit 99.11* for a discussion of our income and rate analysis.
59. The majority of the information in this section comes from our financial statements and footnotes. See *Part II. Item 8. Financial Statements and Supplementary Data*
60. https://www.federalreserve.gov/newsevents/pressreleases/monetary20220504b.htm
61. https://bookofthestates.org/tables/2023-7-26/
62. This data was created from the Bureau of Economic Analysis (BEA)'s National Income and Product Accounts (NIPA) tables and related data for various topics. To locate this data, go to https://apps.bea.gov/iTable/?reqid=19&step=2&isuri=1&categories=survey.
63. Information obtained from https://www.eia.gov/dnav/pet/pet_cons_psup_dc_nus_mbbl_a.htm
64. National Association of Insurance Commissioners, *State Insurance Regulation: Key Facts and Market Trends*, found at https://content.naic.org/publications.
65. The majority of the information in this section comes from our financial statements and footnotes. See *Part II. Item 8. Financial Statements and Supplementary Data*.
66. Most of the data in this section can be found, with sources noted, on our website https://usafacts.org.
67. Medical commodities include prescription drugs, nonprescription over-the-counter drugs, and other medical equipment and supplies, found at https://www.bls.gov/cpi/factsheets/medical-care.htm.
68. Information obtained from the National Oceanic and Atmospheric Administration at https://www.ncei.noaa.gov/access/billions/events/US/2020-2023?disasters[]=tropical-cyclone
69. Information obtained from the Bureau of Justice Statistics at https://bjs.ojp.gov/library/publications/impact-covid-19-state-and-federal-prisons-march-2020-february-2021
70. Information obtained from.https://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs/national-school-lunch-program
71. https://www.state.gov/reports/country-reports-on-terrorism-2023
72. Information obtained from https://data.census.gov/table/ACSDT1Y2023.B21007?q=veteran+poverty
73. Information obtained from https://data.census.gov/table/ACSDT1Y2023.B21007?q=B21007&g=010XX00US$0400000
74. Information obtained from https://www.bls.gov/web/laus/laumstrk.htm
75. Information obtained from https://travel.state.gov/content/dam/visas/Statistics/AnnualReports/FY2020AnnualReport/FY20AnnualReport_TableIV.pdf
76. Information obtained from the International Trade Administration at https://www.trade.gov/us-international-air-travel-statistics-i-92-data
77. *Foreign Assistance: An Introduction to U.S. Programs and Policy,* by the Congressional Research Service, January 10, 2022, found at https://sgp.fas.org/crs/row/R40213.pdf
78. https://www.congress.gov/crs-product/IF12040
79. *Ethiopia*, by the Congressional Research Service, August 3, 2020, found at https://crsreports.congress.gov/product/pdf/IF/IF10185
80. *U.S. Foreign Aid to Israel,* by the Congressional Research Service, February 18, 2022, found at https://www.congress.gov/crs_external_products/RL/PDF/RL33222/RL33222.44.pdf
81. Information obtained from https://rosap.ntl.bts.gov/view/dot/59268
82. Information obtained from https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/financial/Amtrak-Management-Discussion-Analysis-Audited-Financial-Statements-FY2023.pdf and https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/businessplanning/Amtrak-Service-Asset-Line-Plans-FY22-27.pdf
83. Information obtained from the Assistant Secretary for Planning and Evaluation at https://aspe.hhs.gov/sites/default/files/private/pdf/265041/trends-in-the-us-uninsured.pdf.
84. https://files.eric.ed.gov/fulltext/EJ1339008.pdf
85. Chetty, Raj, et al., *Race and Economic Opportunity in the United States: An Intergenerational Perspective*, working Paper (March 2018), https://opportunityinsights.org/paper/race/
86. The majority of the information in this section was derived from the Financial Stability Oversight Council 2023 Annual Report, found at https://home.treasury.gov/system/files/261/FSOC2023AnnualReport.pdf.
87. Information obtained from https://home.treasury.gov/system/files/206/November_2023_FXR.pdf.
88. https://www.gao.gov/highrisk/management-federal-oil-and-gas-resources

* To create federal fiscal year (October 1 to September 30) data, we used a formula of 25% of the prior calendar year figure plus 75% of the current calendar year figure. All the figures in the MD&A that were converted from calendar year to federal fiscal year in this manner are indicated by * (one asterisk).

** To create state and local fiscal year (July 1 to June 30) data, we used a formula of 50% of the prior calendar year figure plus 50% of the current calendar year figure. All the figures in the MD&A that were converted from calendar year to state and local fiscal year in this manner are indicated by ** (two asterisks).

# Exhibit 99.01

## Sources of data

### Financial statement and related data

Our primary financial statement (and related footnote and MD&A) data came from the following sources:

- *Federal income statements* – federal government budget figures prepared on a cash basis (budgeted inflows and outflows) by the US Treasury Department (Treasury) and the Office of Management and Budget (OMB), supplemented in the functional income statement in one case (wages and salaries) by data from the Bureau of Economic Analysis (BEA) (see *Modification of data* in *Exhibit 99.11*).
- *State and local income statements* – actual historical figures prepared on a cash or accrual basis at the election of the state and local government preparer and compiled by the US Census Bureau (the Census Bureau), as reported by state and local governments through the Census of Governments.
- *Federal balance sheets* – data prepared by the Treasury, largely on an accrual basis, and audited by the Government Accountability Office (GAO), as provided through the *Financial Report of the United States Government* (the *Financial Report*).
- *State and local balance sheets* – data prepared by the Federal Reserve and the BEA.

See *Exhibit 99.02* for information on different accounting bases.

This financial statements and related data, unless otherwise noted, are on a fiscal year basis. This means they represent:

- *Income statements* – data for the annual period from October 1 to September 30, for federal government and from July 1 to June 30, generally, for state and local governments; and
- *Balance sheets* – data as of one day, September 30 for the federal government and June 30 for state and local governments.

See https://usafacts.org/usafacts-financial-analysis-methodology/ on our website for more information on the creation of our income statements. See *Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements* within this report for more information on the creation of our balance sheets.

### Other data

We sourced the other data in this report from the government entities listed in the tables below. Some of these data have been audited by the GAO, a state auditor's office, or an independent public accounting firm, while some is unaudited. We relied on non-governmental data only for investment market prices and on governmental data obtained indirectly from a non-governmental source for just one data set—the economic mobility data in *Part II. Item 7. Management's Discussion and Analysis / Key metrics by segment / Blessings of Liberty / American Dream*.

### Forward-looking statements

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

The forward-looking statements in this document have primarily been drawn from government sources. We do not attest to the accuracy of these statements and related information, nor do we undertake any obligation to update or revise

publicly any forward-looking statements, whether because of new information, future events, or otherwise. We have included our own forward-looking statements in this document in the following limited cases:

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

### Citations

For data that is contained both in this report and on our website, the respective source is generally cited only on our website and not herein again. The limited additional data that is contained only in this report and not on our website is:

- when sourced from the federal government:
  - cited in this report for convenience of the reader when larger sets of data were used (e.g. the footnotes in *Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements*);
  - generally, not cited otherwise, as materials created by the federal government are generally part of the public domain. If you have questions about sources of federal data and are unable to find them on our website, https://usafacts.org/, please contact us using the contact information on our website; and
- when sourced from a state or local government or another source, cited herein.

It should be noted that none of our materials nor our organization are affiliated with, or endorsed by, any of our sources.

## Data sourced from our website

The majority of the data included in this report can be found on our website with accompanying citations. The original sources for that data as of the time of the publishing of this report are:

**Consumer Financial Protection Bureau**

**Consumer Product Safety Commission**
National Electronic Injury Surveillance System

**Department of Agriculture**
Animal and Plant Health Inspection Service
Food and Nutrition Service
Food Safety and Inspection Service

**Department of Commerce**
Bureau of Economic Analysis
Census Bureau
United States Patent and Trademark Office

**Department of Defense**
Defense Manpower Data Center

**Department of Education**
National Center for Education Statistics

**Department of Energy**
Energy Information Administration

**Department of Health and Human Services**
Administration for Children and Families
Centers for Disease Control and Prevention
Centers for Medicare and Medicaid Services
Food and Drug Administration

**Department of Homeland Security**
Customs and Border Protection
Federal Emergency Management Agency
Transportation Security Administration

**Department of Housing and Urban Development**
Office of Community Planning and Development
Office of Fair Housing and Equal Opportunity
Office of Policy Development and Research

**Department of the Interior**
Bureau of Land Management
Fish and Wildlife Service
National Park Service

**Department of Justice**
Bureau of Alcohol, Tobacco, Firearms, and Explosives
Bureau of Justice Statistics
Drug Enforcement Administration
Federal Bureau of Investigation

**Department of Labor**
Bureau of Labor Statistics
Employee Benefits Security Administration
Mine Safety and Health Administration
Occupational Safety and Health Administration
Wage and Hour Division

**Department of State**

**Department of Transportation**
Bureau of Transportation Statistics
Federal Highway Administration
National Highway Traffic Safety Administration

**Department of the Treasury**
Internal Revenue Service

**Department of Veterans Affairs**
**Environmental Protection Agency**
**Equal Employment Opportunity Commission**
**Federal Deposit Insurance Corporation**
**Federal Reserve and member banks**
**Federal Trade Commission**
**Freddie Mac**
**Medicaid and CHIP Payment and Access Commission**
**National Interagency Fire Center**
**National Labor Relations Board**
**National Science Foundation**
National Center for Science and Engineering Statistics

**Nuclear Regulatory Commission**
**Securities and Exchange Commission**
**Small Business Administration**
**Social Security Administration**
**US Agency for International Development**
**United States Congress**
Congressional Budget Office
Joint Committee on Taxation
**United States Courts**

**White House**
Office of Management and Budget
Office of Personnel Management

**Additional data from:**
Economic mobility generated from government sources by the Equality of Opportunity Project
Stock indices from Yahoo Finance

## Other data sourced for this Form 10-K

Certain data were sourced only for preparation of this report and have not been added to our website. These data sources, beyond those in the list of website sources above, include:

**Central Intelligence Agency**
**Congress.gov**
**Congressional Research Service**

**Department of Education**
Office of Federal Student Aid

**Department of Government Efficiency**

**Department of Health and Human Services**
Office of the Assistant Secretary for Planning and Evaluation

**Department of the Interior**
Bureau of Indian Affairs
United States Geological Survey

**Department of Justice**
Office of Juvenile Justice and Delinquency Prevention

**Department of Labor**
Employment and Training Administration

**Department of Transportation**
Great Lakes St. Lawrence Seaway

**Department of the Treasury**
Bureau of the Fiscal Service

**Department of Veterans Affairs**
Veteran Benefits Administration

**Electronic Code of Federal Regulations**
**Fannie Mae**
**The Farm Credit Council**
**Federal Election Commission**
**Federal Home Loan Banks**
**Federal Housing Finance Agency**
**General Services Administration**
**Ginnie Mae**
**Government Accountability Office**
**Government of the District of Columbia**
**Library of Congress**
**Office of Revenue Analysis**

**National Archives and Records Administration**
Federal Register

**National Association of State Budget Officers**
**National Conference of State Legislatures**
**National Governors Association**
**National Library of Medicine**

**National Centers for Environmental Information**
National Oceanic and Atmospheric Administration

**Pension Benefit Guaranty Corporation**
**United States Government Publishing Office**
**United States House of Representatives**
**United States Senate**
**Tennessee Valley Authority**
**USA.gov**
**The Wisconsin Legislative Bureau**

**Additional data from:**
Stock and bond prices – Google Finance, Investing.com, Yahoo Finance

Chetty, Raj, et al. “Race and Economic Opportunity in the United States: An Intergenerational Perspective.” Working Paper (March 2018).

# Exhibit 99.02

The GAO provides a description of the difference between cash basis accounting and accrual basis accounting. We have reproduced it here. You can find the original text at https://www.gao.gov/assets/gao-09-946sp.pdf.

## Cash basis of accounting

"The federal government primarily uses the cash basis of accounting for its budget, which is the federal government's primary financial planning and control tool." A primary exception to the general use of cash-basis accounting is the accounting for loan program costs, which are accounted for using the methodology described in *"Loan program costs – reestimates*" below.

"Because it is similar to keeping a checkbook, the cash basis of accounting... is perhaps the easier of the two bases of accounting to understand. The cash basis focus is on cash receipts, cash disbursements, and the difference between the two amounts. With relatively few exceptions, receipts are recorded when cash is received, and outlays are recorded when cash is disbursed. The difference between cash receipts and cash outlays at the end of the fiscal year is reported as the annual budget surplus or budget deficit."

## Accrual basis of accounting

"Accrual accounting, also used in the private sector, is generally the basis used to prepare the *Statement of Net Cost*, *Statement of Operations and Changes in Net Position*, and the *Balance Sheet* [within the United States Treasury *Financial Report of the United States*]."

"The accrual basis of accounting recognizes revenue when it is earned and recognizes expenses in the period incurred, without regard to when cash is received or disbursed. The federal government, which receives most of its revenue from taxes, nevertheless, recognizes tax revenue when it is collected, under an accepted modified cash basis of accounting.

Expenses are recognized during the period in which they are incurred. Accrual accounting, for example, recognizes that while the employee is working, the employee earns not only a salary but also health, pension, and other benefits that will be paid in the future during the employee's retirement. Accordingly, each year, on the basis of actuarial calculations of benefits earned, the federal government records as an expense (operating cost) an estimated amount for these earned benefits and increases the related liability—Federal Employee and Veteran Benefits Payable—for the amount owed to its employees, both civilian and military."

"Also under accrual accounting, the federal government reports physical assets when they are acquired and records related expenses when the federal government benefits from their use or consumption or when they are sold. Physical assets consist of inventories of goods held for sale or for future consumption and long-lived or "fixed" assets such as land, buildings, and equipment. In the case of assets such as buildings and equipment, the annual cost attributed to their use is recorded as depreciation expense."

## Loan program costs - reestimates

*The Federal Credit Reform Act of 1990* (FCRA) requires agencies to estimate the cost to the government of extending or guaranteeing credit. This cost, referred to as subsidy cost, equals the net present value of estimated cash flows from the government (e.g. loan disbursements and claim payments to lenders) minus estimated cash flows to the government (e.g. loan repayments, interest payments, fees, and recoveries on defaulted loans) over the life of the loan, excluding administrative costs. Discount rates that reflect the federal government's cost of financing are used to determine the net present value of estimated cash flows. Agencies generally update, or reestimate, subsidy costs annually to reflect both actual loan performance and changes in expected loan performance.

# Exhibit 99.03

## Government-run businesses

*United States Postal Service (USPS)*: The USPS is an independent, self-financing agency that delivers mail to nearly 169 million US locations and provides services through 31,063 retail outlets. With over half a million workers, it is one of the country's largest employers.

*Tennessee Valley Authority (TVA)*: The Tennessee Valley Authority is the nation's largest government-owned power utility. It sells electricity to businesses and power distributors serving 10 million customers in parts of seven Southeastern states.

*The Federal Deposit Insurance Corporation (FDIC)*: The FDIC insures deposits of up to $250,000, supervises state-chartered banks that aren't part of the Federal Reserve System, and acts as receiver for failed institutions.

*Pension Benefit Guaranty Corporation*: The PBGC insures about 23,500 defined-benefit pension plans with about 30 million members.

*Amtrak*: Also known as National Railroad Passenger Corporation, Amtrak is a rail carrier that operates a 21,400-mile rail network serving 46 US states, the District of Columbia and three Canadian provinces. It carries nearly 33 million passengers per year.

*US International Development Financial Corporation (DFC)*: The DFC was formed in 2019. It is the US Government's development finance institution. The DFC partners with the private sector to advance US foreign policy and strengthen national security by mobilizing private capital around the world. It invests across strategic sectors including critical minerals, modern infrastructure, and advanced technology - fostering economic development, supporting US interests, and delivering return to American taxpayers.

*Export-Import Bank*: The bank provides financing solutions including export-credit insurance, working capital guarantees, and loan guarantees to US exporters. It also offers trade finance to foreign buyers of US products.

*St. Lawrence Seaway Development Corporation*: The corporation, created in 1954, operates and maintains the portion of the St. Lawrence Seaway that runs through US territory between the Port of Montreal and Lake Erie.

*Valles Caldera Trust*: The trust operated the 89,000-acre Valles Caldera National Preserve in New Mexico's Jimenez Mountains until 2015, when the wilderness was handed over to the National Park Service.

*Commodity Credit Corporation (CCC)*: The CCC was created in 1933, during the Great Depression, to support farm income and prices. Its operations include providing loans to farmers, as well as export credits, disaster insurance and conservation programs. It also authorizes the sale of agricultural commodities to other government agencies and foreign governments and donations of food to relief agencies.

*Presidio Trust of San Francisco*: In partnership with the National Park Service and the Golden Gate National Parks Conservancy, the Presidio Trust operates the Presidio, a 1,491-acre national park that encompasses a former US Army post, museums and archeological sites.

*Federal Crop Insurance*: The Federal Crop Insurance Corporation, through its Risk Management Agency, reinsures crop-insurance policies purchased by farmers from private firms and also provides subsidies for premiums.

*Federal Financing Bank*: The FFB was created in 1973 to centralize and reduce the cost of borrowing by federal government agencies. The bank borrows from the Treasury and lends to agencies and agency-guaranteed borrowers.

*Ginnie Mae*: Also known as the Government National Mortgage Association, Ginnie Mae provides financing to the housing market by guaranteeing payment of interest and principal on mortgage-backed securities insured by federal agencies, including the Federal Housing Administration.

*Federal Prison Industries (UNICOR)*: The corporation provides vocational training to federal prisoners and uses their labor to produce goods and services that are sold to federal agencies.

*Air Transportation*: Federal aid for construction, operation, and support of public airports; and other distributions from the Federal Airport and Airway Trust Fund.

*Toll Highways*: Fees from turnpikes, toll roads, bridges, ferries, and tunnels; rents and other revenue from concessions (service stations, restaurants, etc.); and other charges for use of toll facilities.

*Parking Facilities*: Provision, construction, maintenance, and operation of public parking facilities operated on a commercial basis.

*Sea and Inland Port Facilities*: Canal tolls, rents from leases, concession rents, and other charges for use of commercial or industrial water transport and port terminal facilities and related services.

*Mass Transit*: Operation, maintenance, and construction of public mass transit systems, including subways, surface rails, and buses.

*Water Utilities*: Revenue from operations of public water supply systems, such as sale of water to residential, industrial, and commercial customers (including bulk water for resale by other private or public water utilities); connection and “tap” fees; sprinkler fees; meter inspection fees; late payment penalties; and other operations revenues.

*Gas and Electric Utilities*: Revenue from operations of public electric power-supply systems, such as sale of electricity to residential, commercial, and industrial customers (including electricity for resale by other private or public electric utilities); and other operations revenues. Revenue from operations of public gas supply systems, such as sale of natural gas to residential, commercial, and industrial customers (including natural gas for resale by other private or public gas supply utilities); connection fees; and other operations revenues.

*Sewerage and Waste Management*: Charges for sewage collection and disposal, including sewer connection fees. Fees for garbage collection and disposal; operation of landfills; sale of recyclable materials; cleanup of hazardous wastes; and sale of electricity, gas, steam, or other by-products of waste resource recovery or cogeneration facilities.

*Liquor Stores*: Operation and maintenance of government operated retail or wholesale liquor monopolies.

*Lotteries*: Proceeds from the operation of government-sponsored lotteries after deducting the cost of prizes.

# Exhibit 99.04

## Composition of segment expenditures

### Justice and Domestic Tranquility

Crime and disaster expenditures include expenditures for:

- *disaster relief*, including federal assistance and the national flood insurance program;
- *the justice system*, including courts;
- *law enforcement and corrections*, including police protection, investigation, and correctional facilities; and
- fire protection.

Safeguarding consumers and employees expenditures include expenditures for:

- regulation and inspection of food and drugs and related establishments;
- inspection of plans, permits, construction, or installations related to buildings and related systems, electric power plant sites, nuclear facilities, and weights and measures;
- regulation of financial institutions, taxicabs, public service corporations, insurance companies, private utilities, and other corporations;
- licensing, examination, and regulation of professional occupations, including health-related ones like doctors, nurses, barbers, and beauticians;
- inspection and regulation of working conditions and occupational hazards;
- patents and copyrights;
- motor vehicle inspection and weighing; and
- regulation and enforcement of liquor laws and sale of alcoholic beverages.

### Common Defense

National defense and support for veterans expenditures include expenditures for:

- *national defense*, including military operations and maintenance; personnel; procurement, including ships, aircraft, and weapons; and research, development, test, and evaluation; and
- *support for veterans*, including benefits for housing, medical care, readjustment, and pension and disability, among others.

Immigration and border security expenditures include expenditures for immigration, visa, and citizenship services; customs; and border protection.

Foreign affairs and foreign aid expenditures include expenditures for:

- *international development and humanitarian assistance*, including global health programs, migration and refugee assistance, international development assistance, international disaster assistance, and foreign agricultural assistance;
- *international security assistance*, including foreign economic and military support; and
- *other foreign affairs*, including diplomatic and consular programs, embassies, contributions to international peacekeeping and other organizations, offset in part by income from sales of articles and services to foreign countries and international organizations.

### General Welfare

Economy and infrastructure expenditures include expenditures for:

- *transportation*, including air, water, highway, and railroad;
- space exploration;

- general science and basic research;
- *general commerce*, including liquor stores, lotteries, hospitals, and other government-run businesses;
- *banking and finance*, including deposit insurance and the Troubled Asset Relief Program (TARP); and
- *COVID-19 assistance for businesses,* including Economic Injury Disaster Loan and Paycheck Protection Program (PPP).

Standard of living and aid to the disadvantaged expenditures include expenditures for:

- *certain refundable tax credits*, including the Child Tax Credit and Earned Income Tax Credit;
- *other cash and non-cash programs to aid the disadvantaged*, including Medicaid, the Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), Unemployment Insurance, Pell grants, housing and community development programs, health services for American Indians, and other medical assistance to the poor, including the Premium Tax Credit;
- *COVID-19 assistance for individuals,* including Economic Impact Payments;
- *children services*, such as child welfare programs, foster care, adoption, day care, nonresidential shelters, and the like; and
- *social services*, such as general social services programs, social services to the physically disabled, such as transportation, and temporary shelters and other services for the homeless.

Health (excluding Medicaid and Medicare) expenditures include expenditures for:

- public health, health resources and services for people geographically isolated or economically or medically vulnerable, and disease control and prevention, as well as expenditures for shared Medicare and Medicaid that our Government has not allocated to one program or the other.

## Blessings of Liberty

Education expenditures include expenditures for elementary, secondary, and higher education inside the classroom and education outside the classroom, such as museums and libraries, offset in part by fees paid by students and visitors and net subsidies from the federal government for student loans.

Wealth and savings expenditures include expenditures for:

- *retirement programs*, including Social Security and military, civil service, and railroad retirement and health benefits plans;
- *saving for healthcare in old age*, including Medicare;
- interest on government debt; and
- *general housing support*, including TARP for housing.

Sustainability and self-sufficiency expenditures include expenditures for:

- *environment and natural resources*, including civil works projects by the Corps of Engineers, forest management, fire management planning, weather and climate monitoring and associated warning systems, fisheries management and game programs, coastal restoration, supporting marine commerce, cleanup of hazardous materials, and general management of land owned or leased and managed by our Government, including parks, offset in part by revenues from mineral and other resource leases and sales;
- *agriculture*, including farm services, federal crop insurance, and agriculture disaster relief;
- *energy programs*, including delivery and reliability, efficiency and renewables, and reimbursements of applicants for certain purchases of energy related property; and
- *other utilities*, including sewerage, waste management, and water supply.

## General government support and other

General government support and other expenditures include expenditures for central staff services, financial administration, the Internal Revenue Service, and general public buildings.

# Exhibit 99.05

## Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (the Trustees) projections of OASDI trust fund solvency

The following projections and accompanying text are excerpts from the 2025 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (the Trustees' Report). You can find the Trustees' Report at https://www.ssa.gov/OACT/TR/2025/tr2025.pdf.

### Background

The Trustees have traditionally shown estimates using the low-cost and high-cost sets of specified assumptions to illustrate the potential implications of uncertainty. These low-cost and high-cost estimates provide a range of possible outcomes for the projections. However, they do not provide an indication of the probability that actual future experience will be inside or outside this range. [Appendix E of the Trustees' Report] presents the results of a stochastic model that estimates a probability distribution of future outcomes of the financial status of the combined Old-Age Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds. This model was introduced in the 2003 report and enhanced in the 2021 report to include parameter uncertainty for the expected mean for the key variables described in the next section.

### Stochastic methodology

Other sections of [the Trustees' Report] provide estimates of the financial status of the combined OASI and DI Trust Funds using a scenario-based model. For the scenario-based model, the Trustees use three alternative scenarios (low-cost, intermediate, and high-cost) that use specific assumptions for key variables. In general, the Trustees assume that each of these variables will reach an ultimate value at a specific point during the long-range period, and will maintain that value throughout the remainder of the period. The three alternative scenarios assume separate, specified values for each of these variables. Chapter V [of the Trustees' Report] contains more details about each of these assumptions.

[Appendix E of the Trustees' Report] presents estimates of the probability that key measures of OASDI solvency will fall in certain ranges, based on 5,000 independent stochastic simulations. Each simulation allows key variables to vary throughout the long-range period. These key variables include total fertility rates, changes in mortality rates, new arrival lawful permanent resident (LPR) immigration levels, temporary or unlawfully present immigration levels, rates of adjustment of status (from temporary or unlawfully present to LPR), rates of legal emigration (from the population of citizens and LPRs), changes in the Consumer Price Index, changes in average real wages, unemployment rates, trust fund real yield rates, and disability incidence and recovery rates. The fluctuation of each variable over time is simulated using historical data and standard time-series techniques. Generally, each variable is modeled using an equation that: (1) captures a relationship between current and prior years' values of the variable, and (2) introduces random variation based on variation observed in the historical period. For some variables, the equations also reflect relationships with other variables. The equations contain parameters that are estimated using historical data for periods from about 25 years to over 100 years, depending on the nature and quality of the available data. Each time-series equation is designed so that, in the absence of random variation over time, the value of the variable for each year equals its value for the intermediate scenario. More detail on this model is available at www.ssa.gov/OACT/NOTES/pdf_studies/study128.pdf.

For each equation in a given simulation, the stochastic model assigns random variation to (1) year-by-year error term values and (2) simulation-specific mean term levels that provide variation in the central tendency across simulations. Each simulation produces estimates for all key variables and for the overall financial status of the combined OASI and DI Trust Funds. [Appendix E of the Trustees' Report] shows the distribution of results from 5,000 simulations of the model.

Readers should interpret the results from this model with an understanding of the model's limitations. Results are sensitive to equation specifications, degrees of interdependence among variables, and the historical periods used for estimating model coefficients. For some variables, recent historical variation may not provide a realistic representation of the potential variation for the future. Also, results would differ if additional variables (such as labor force participation rates,

retirement rates, marriage rates, and divorce rates) were also allowed to vary randomly. Time-series modeling reflects only what occurred in the historical period. Future uncertainty exists not only for the underlying central tendency but also for the frequency and size of occasional longer-term shifts in the central tendency. Many experts predict, and history suggests, that the future will likely bring substantial shifts that are not fully reflected in the historical period used for the current model. As a result, readers should understand that the true range of uncertainty might be larger than indicated in [Appendix E of the Trustees' Report].

## Table VI.E1

Table VI.E1 displays long-range actuarial estimates for the combined OASDI program using the two methods of illustrating uncertainty: alternative scenarios and stochastic simulations. The table shows scenario-based estimates for the intermediate, low-cost, and high-cost assumptions. It also shows stochastic estimates for the median (50th percentile) and for the 80-percent and 95-percent ranges. Each individual stochastic estimate in the table is the level at that percentile from the distribution of the 5,000 simulations. For each given percentile, the values in the table for each long-range actuarial measure are generally from different stochastic simulations.

The median stochastic estimates displayed in table VI.E1 are similar to the intermediate scenario-based estimates. The median estimate of the long-range actuarial balance is -3.80% of taxable payroll, about 0.02 percentage point higher (less negative) than projected in the intermediate scenario. The median estimate for the open-group unfunded obligation is $24.8 trillion, about $0.3 trillion less than the estimate in the intermediate scenario. The median first projected year for which cost exceeds non-interest income (as it did in 2010 through 2024), and remains in excess of non-interest income throughout the remainder of the long-range period, is 2025. This is the same year as projected in the intermediate scenario. The median projected date at which trust fund reserves first become depleted is in mid-2034; the reserve depletion date for the intermediate scenario is also in mid-2034. The median estimates of the annual cost rate for the 75th year of the projection period are 18.74% of taxable payroll and 6.21% of gross domestic product (GDP). The comparable estimates in the intermediate scenario are 18.34% of payroll and 6.08% of GDP.

For three measures in table VI.E1 (the actuarial balance, the first projected year cost exceeds non-interest income and remains in excess through 2099, and the first year trust fund reserves become depleted), the 95% stochastic range falls within the range defined by the low-cost and high-cost scenarios. For the remaining three measures (the open-group unfunded obligation, the annual cost in the 75th year as a percentage of taxable payroll, and the annual cost in the 75th year as a percentage of GDP), one or both of the bounds of the 95% stochastic range fall outside the range defined by the low-cost and high-cost scenarios.

**Table VI.E1. – Long-Range Estimates Relating to the Actuarial Status of the Combined OASDI Program**
**[Comparison of scenario-based and stochastic results]**

| | Traditional scenario-based model | | | Stochastic model | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | 80-percent range | | 95-percent range | |
| | Intermediate | Low-cost | High-cost | Median 50th percentile | 10th percentile | 90th percentile | 2.5th percentile | 97.5th percentile |
| Actuarial balance | (3.82) | (0.33) | (8.60) | (3.80) | (5.73) | (2.22) | (7.00) | (1.36) |
| Open group unfunded obligation (in trillions) | $ 25.1 | $ 1.5 | $ 46.5 | $ 24.8 | $ 12.4 | $ 46.3 | $ 7.6 | $ 62.9 |
| First projected year cost exceeds non-interest income and remains in excess through 2099 | 2025 | [1] | 2025 | 2025 | 2025 | 2025 | 2025 | [2] |
| First year trust fund reserves become depleted[3] | 2034 | 2051 | 2032 | 2034 | 2033 | 2037 | 2032 | 2039 |
| Annual cost in 75th year (percent of taxable payroll) | 18.34 | 12.69 | 28.40 | 18.74 | 14.72 | 24.71 | 12.82 | 29.00 |
| Annual cost in 75th year (percent of GDP) | 6.08 | 4.63 | 8.57 | 6.21 | 4.90 | 8.12 | 4.28 | 9.47 |

1. *Cost is projected to exceed non-interest income for a temporary period, before falling below non-interest income by the end of the projection period.*
2. *Cost does not exceed non-interest income in 2099.*
3. *For some stochastic simulations, the first year in which trust fund reserves become depleted does not indicate a permanent depletion of reserves.*

# Exhibit 99.06

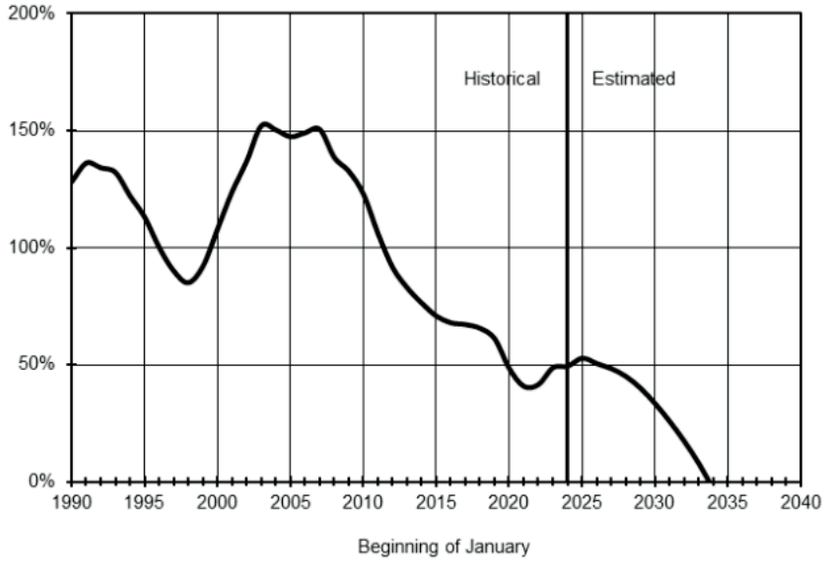
## The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds projections of Medicare trust funds solvency

The following projections and accompanying text are excerpts from the 2025 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. You can find this report at https://www.cms.gov/oact/tr/2025.

### HI trust fund

Under the intermediate assumptions, after 2025 the assets of the HI trust fund would steadily decrease as a percentage of annual expenditures throughout the remainder of the short-range projection period, as illustrated in figure II.E1. The ratio declines until the fund is depleted in 2033, 3 years earlier than projected last year.

**Figure II.E1.—HI Trust Fund Balance at Beginning of Year as a Percentage of Annual Expenditures**




There is substantial uncertainty in the economic, demographic, and health care projection factors for HI trust fund expenditures and revenues. Accordingly, the date of HI trust fund depletion could differ substantially in either direction from the 2033 intermediate estimate. As shown in greater detail in section III.B [of the Medicare Trustees' Report], trust fund assets would increase throughout the entire projection period under the low-cost assumptions. However, under the high-cost assumptions, asset depletion would occur in 2029.

### SMI trust fund

SMI is composed of two parts, Part B and Part D, each with its own separate account within the SMI trust fund. The Trustees must evaluate the financial status of each account separately to determine the SMI trust fund's financial status because there is no provision in the law for transferring assets or income between the Part B and Part D accounts.

The nature of the financing for both parts of SMI is similar in that the law establishes a mechanism by which income from the Part B premium and the Part D premium, and the corresponding general fund transfers for each part, are sufficient to cover the following year's estimated expenditures. Accordingly, each account within SMI is automatically in financial balance under current law.

Parts B and D differ fundamentally from HI and OASDI in regard to the nature of their financing and the method by which their financial status is evaluated. Both parts of SMI are voluntary and are mostly financed by premiums from participants and contributions from the general fund of the Treasury. OASDI and HI are generally compulsory and are primarily financed from payroll taxes. The financial assessment of the SMI program therefore differs in important ways.

Financing for the SMI trust fund is adequate because beneficiary premiums and government contributions for both Part B and Part D are established annually to cover the expected costs for the upcoming year. If actual costs exceed those anticipated when the financing is determined, future financing rates can include adjustments to recover the shortfall. Likewise, if actual costs are less than those anticipated, the savings will result in lower future financing rates. As long as the future financing rates continue to cover the following year's estimated costs, both parts of the SMI trust fund will remain financially solvent.

# Exhibit 99.07

## Cohort table creation

The families and individuals tables presented by USAFacts show how key economic and demographic statistics vary according to three key variables: market income, family type, and elderly/non-elderly status. These groupings are not available consistently, and therefore we produced estimates using only government data.

The numbers in the families and individuals tables are estimates based on data collected from a variety of government sources, the two most important being microdata from the Current Population Survey (CPS) (March Supplement) issued by the Census Bureau of the Public Use File issued by the Internal Revenue Service's Statistics of Income Division (IRS-SOI). The CPS is a sample of households representing the US civilian noninstitutionalized population. It contains information on topics such as housing, health insurance, labor status, family arrangement, etc. Unfortunately, the CPS does not contain everything we want, so we supplement that file with data from elsewhere via statistical processes. In the case of income data, we statistically match the IRS Public Use File with the CPS. The IRS data is superior to the CPS income data. In other cases, we impute variables in the CPS from other sources such as the American Community Survey using regression techniques for variables that are common to both files.

There are two types of economic units: families and individuals. We use the Census Bureau's definition for each. If there are two or more related individuals living together, they are a family economic unit. If a person is living alone or in a household with no other related persons, that person is considered an individual economic unit. Therefore, some economic units have only one person, while other economic units have multiple persons.

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

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

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

See this page https://usafacts.org/usafacts-financial-analysis-methodology/ on our website for additional information on how we created our cohort tables.

# Exhibit 99.08

## Excluded Form 10-K content

### Excluded sections

In applying the concepts of the Form 10-K to a government environment, we have excluded certain sections of the form that are not obviously applicable to our Government. The sections we excluded are:

- *Item 1B. Unresolved Staff Comments* – not applicable as our Government is not an SEC registrant and is not holistically regulated by any other entity that might give them comments;
- *Item 4. Mine Safety Disclosures* – not applicable as our Government does not operate any mines that we are aware of and therefore we don't have any government data to report on this topic;
- *Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities* – not applicable as our Government does not issue equity securities, only debt;
- *Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure* – our Government has various accountant relationships (e.g. the federal government is audited by the GAO, certain government-run businesses, like the post office, are audited by public accounting firms), however, aggregated information is not readily available, and therefore we have not presented it;
- *Item 9B. Other Information* – this is a catch-all category for companies to report timely to shareholders, information that is not otherwise required by the report, which is not applicable as this report is not focused on reporting the most recent government data but rather providing the most comprehensive analysis practicable;
- *Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections* – not applicable because our Government does not retain a public accounting firm that is located in a foreign jurisdiction where it is unable to inspect or investigate completely;
- *Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* – not applicable for the same reasons that Item 5 is not applicable, only debt;
- *Item 14. Principal Accounting Fees and Services* – not applicable for the same reasons that Item 9 is not applicable; and
- *Item 16. Form 10-K Summary* – not applicable as we do not prepare this optional summary of our 10-K report.

### Excluded financial statements

Within a public company's Form 10-K, you would find the following financial statements and notes thereto:

- income statements, prepared on an accrual basis of accounting;
- statements of comprehensive income, prepared on an accrual basis of accounting;
- balance sheets, prepared on an accrual basis of accounting;
- cash flow statements; and
- statements of stockholders' equity.

We have diverged a bit in this report from these traditional financial statements. Foremost, we have provided two income statements—functional income statements organized by type of revenue and expenditure and segment income statements organized by reporting segment, both on a hybrid basis of accounting. We have used data with a hybrid basis of accounting primarily because of a lack of accessible, aggregated, detailed state and local data created on a consistent accounting basis, and we have favored cash basis federal data because of our desire to focus the financial portion of our document on a concept central to government analysis and debate – "the deficit." By "the deficit," we mean the excess of combined US government (federal, state, and local) annual cash outflows over annual cash inflows.

We have also:

- not provided statements of comprehensive income due to a lack of readily available other comprehensive income data for our Government;
- not provided cash flow statements, as our income statements are as close to cash basis as we are able to report at this time and therefore cash flow statements would be mostly duplicative; and
- not provided statements of stockholders' equity, as our Government does not issue equity.

Please see *Exhibit 99.01 Sources of data / Financial statement and related data* for more information on the content and preparation of the income statements and balance sheets included in this report.

# Exhibit 99.09

## Data reliability considerations

Some of the data we have sourced may not be reliable for a number of reasons, including disclaimed audit opinions, restatements of data, and issues specific to Census data.

### Audits

Certain departments of the federal government have received disclaimed audit opinions on their audit reports, meaning the auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. Each year, the GAO report within the *Financial Report of the United States Government*, lists the federal government departments that have received disclaimed audit opinions for that year. The Department of Defense has received a disclaimed audit opinion every year since the federal government began preparing the federal government's consolidated financial statements. In addition, the GAO report notes that the federal government has material weaknesses resulting in ineffective internal controls over financial reporting for each of the fiscal years included in our financial statements. We are not able to correct for these issues in this report and therefore are not able to provide assurance on the completeness and accuracy of the information.

The Department of Defense Office of Inspector General (DoD OIG) conducted and oversaw the first full audit of the DoD's financial statements in 2018. On November 15, 2018, the DoD OIG issued a disclaimer of opinion on the financial statements. The audit identified 20 overall material weaknesses and more than 2,400 notices of findings and recommendations, including weak information technology controls, insufficient controls to ensure the accuracy and completeness of property, and incomplete universes of financial transactions. For more information on this audit and its findings see *Understanding the Results of the Audit of the DoD FY 2018 Financial Statements*. The DoD OIG conducted and oversaw a second full audit of the DoD's financial statements in 2019. Similar to FY 2018, in FY 2019, the DoD and 15 of its reporting entities received disclaimers of opinion. In addition, seven reporting entities received clean audit opinions and one entity received a qualified audit opinion. For more information on this audit and its findings see *Understanding the Results of the Audit of the DoD FY 2019 Financial Statements*. The DoD OIG conducted and oversaw a third full audit of the DoD's financial statements in 2020. The DoD and 14 of its reporting entities received disclaimers of opinion. In addition, nine reporting entities received clean audit opinions and one entity received a qualified audit opinion. For more information on this audit and its findings see *Understanding the Results of the Audit of the DOD FY 2020 Financial Statements*. The DoD OIG conducted and oversaw a fourth full audit of the DoD's financial statements in 2021. The DoD and 17 of its reporting entities received disclaimers of opinion. In addition, eight reporting entities received clean audit opinions and one entity received a qualified audit opinion. For more information on this audit and its findings see *Understanding the Results of the Audit of the DOD FY 2021 Financial Statements*. The DoD OIG conducted and oversaw a fifth full audit of the DoD's financial statements in 2022. The DoD and 16 of its reporting entities received disclaimers of opinion. In addition, nine reporting entities received clean audit opinions and one entity received a qualified audit opinion. For more information on this audit and its findings see *Understanding the Results of the Audit of the DOD FY 2022 Financial Statements.* The DoD OIG conducted and oversaw a sixth full audit of the DoD's financial statements in 2023. The DoD and 18 of its reporting entities received disclaimers of opinion. In addition, 10 reporting entities received clean audit opinions and one entity received a qualified audit opinion. For more information on this audit and its findings see *Understanding the Results of the Audit of the DOD FY 2023 Financial Statements.*

The financial data we use for our state and local government reporting within this report is generally not audited.

### Restatements

In addition to being qualified by disclaimed audit opinions, the data in government reports is often restated, particularly the two most recent years and often the Census data, which is subject to sampling and data collection error. See more about the Census process at https://www.census.gov/programs-surveys/state/about.html and under *Census data* below.

When a company discovers that it needs to restate material information in its annual report, it is required to issue a statement of non-reliance telling the public to not rely on the information until it is restated. Government entities that do not file with the Securities and Exchange Commission do not do that, and we will not do that for this report. Rather, we will update this report annually, and we will restate information contained herein that our Government has updated in the interim in our next annual report. We may update certain data used in this report on our website as it becomes available, sometimes more frequently than annually (see *Part I. Item 1. Purpose and Function of Our Government / Available information*).

## Conflicting data

Our Government often releases conflicting numbers for the same data point. This occurs within and across government entities. In these cases, we select the measure to present after considering the breadth and depth of the data available at each source and sometimes, after consultation with subject matter experts. Rarely, we present each of the conflicting figures in this report or on our website.

## Census data

The Census warns us not to use their data in the way that we are using it. However, there is no alternative source of aggregated state and local government income statement data, and it was not reasonable for us to create this data set in this phase of our project. Here is the warning from the Census:

> "Although the original sources for finance statistics are accounting records of governments, the data derived from them are purely statistical in nature. Consequently, the Census Bureau statistics on government finance cannot be used as financial statements, or to measure a government's fiscal condition. For instance, the difference between a government's total revenue and total expenditure cannot be construed to be a 'surplus' or 'deficit'."

The Census tells us there are several reasons why these survey data are not suitable for measuring the financial condition of a government, any of its sectors, or any of its dependent agencies:

- The Census Bureau intentionally excludes several important accounting measures from its statistics. One example involves public employee retirement systems, which exclude measures of future liability, future revenue streams, and all related measures of future solvency (such as the potential amount of unfunded liabilities). These cannot be calculated from Census Bureau statistics.
- The Census Bureau program develops these data to measure the economic activity of state and local governments in general. The definitions used in Census Bureau statistics about governments can vary considerably from definitions applied in standard accounting reports.
- Definitional differences can include those of coverage (what constitutes a government entity), functional activity, financial transaction (revenue, expenditure, indebtedness, and asset), or measurement (cash versus accrual accounting, or asset valuation procedures).
- Census Bureau data include the operations of dependent agencies whose finances are reported outside those of the parent government.

# Exhibit 99.10

## Data comparability considerations

Unlike information about a corporation, the data for our Government come from numerous and varied sources. Each of these sources may prepare the data on different accounting bases (e.g. cash vs. accrual) and for different time periods (e.g. a point in time vs. a full year, calendar year vs. fiscal year). This lack of comparability of data makes analysis of our Government challenging. We have highlighted key data challenges and our solutions in this exhibit and *Exhibit 99.11*. We acknowledge our solutions are not perfect and seek to continually refine our approach as we release future reports. However, we do not anticipate true solutions to these challenges other than government-wide data availability and comparability initiatives.

### Financial statement data

#### Reporting periods

The financial statement and related data in this report, unless otherwise noted, is on a fiscal year basis. This means it represents, for:

- *Income statements* – data for the annual period from October 1 to September 30, for the federal government and from July 1 to June 30, generally, for state and local governments; and
- *Balance sheets* – data as of September 30 for the federal government and June 30 for state and local governments.

When we combined federal and state and local data, we added the figures together, without adjusting for differences in fiscal years. This is consistent with what a corporation may do for subsidiaries that it consolidates, which have different fiscal year ends than each other or the parent company. This is allowed by accounting rules when the fiscal periods of the entities being combined end within 90 days of each other, as they do for the US federal and state and local governments in nearly every case.

New York is the only exception, as its fiscal year end is March 31, which is not within 90 days of the latest fiscal year end within the combined group (September 30); New York's fiscal year end is off by an additional 90 days. This is only a potential concern for our income statements, as we used New York's (and all other states') June 30 information for our balance sheets. New York's revenue represents approximately 5% of our Government's revenue, and a reasonable approximation of 90 days of its average revenue is roughly $98 billion. In combining the income statements, we include 12 months of data for each entity, but we include different 12-month periods depending on the respective entity's fiscal year (i.e. October 1 to September 30 for the federal government and April 1 to March 31 for New York). Therefore, incomparability that could arise from using data from different fiscal year periods would not be due to missing data but rather seasonality of the data. A reasonable estimate of the seasonality variability of 90 days of New York's revenue or expenses is immaterial. As: the Census has already aggregated the state and local government data; modifying that data to extract, recalculate, and reintroduce adjusted New York data introduces complexity and risk; and the estimated impact of not modifying is not material to our Government's overall financial statements, we have not made any modifications for New York and have simply added the aggregated state and local data to the federal data to form the combined group.

#### Intergovernmental transfers

In combining the federal and state and local data, we eliminated known intergovernmental transfers, in the same way that a company eliminates intercompany transfers among subsidiaries and the parent company. For example, the federal government reports grants to states as expenditures, and the states in turn also report the subsequent uses of those funds as expenditures. To eliminate double counting, we count the expenditure (or revenue) only once, in either the federal or state or local government, whichever is the ultimate spender (in the case of expenditures) or recipient (in the case of revenues) of the funds. Similarly, we eliminate intergovernmental assets and liabilities. For example, state and local governments own Treasury securities, and the federal government has a corresponding liability for the securities. We eliminated these intergovernmental assets and liabilities in creating our combined financial statements. For more

information on transfers eliminated, see *Part II. Item 8. Financial Statements and Supplementary Data / Notes to financial statements / Note 25 – Intergovernmental transfers* within this annual report.

## Management's discussion and analysis (MD&A) data

An MD&A is intended to provide the reader with an analysis of the financial statements for the periods presented, essentially a "drill down" from the financial statements, including an analysis of the changes in the income statements from period to period. Our income statements are presented on a fiscal year basis, as discussed above. On the other hand, a large portion of the detailed government financial information and related figures (e.g. numbers of people) is available only on a calendar year basis. This makes analyzing the income statement data difficult, as it is not possible to "drill down" to lower levels of detail from the fiscal year data. Therefore, to prepare the MD&A within this report, we were required to convert much of our source data from calendar year to fiscal year.

In cases where monthly or quarterly data was available, we created fiscal year data by reassembling data from these more detailed periods. Where only annual calendar year data was available, we used one simple formula to create federal fiscal year data—25% of the prior calendar year figure plus 75% of the current calendar year figure, as well as one other simple formula to create state and local fiscal year data—50% of the prior calendar year figure plus 50% of the current calendar year figure. Of course, these two formulas do not produce the true fiscal year figures. However, no alternative method of calculation would be accurate, and the method we have chosen, when consistently applied, forms a reasonable basis for our analysis. All the figures (in the MD&A and elsewhere in this report) that were converted from calendar year to fiscal year in this manner are indicated by * (one asterisk) for federal and ** (two asterisks) for state and local.

Certain tax and other law changes go into effect during the fiscal year, so only part of the fiscal year reflects the changes. Furthermore, the tax filing season (and therefore cash receipt and the recording of revenue by our Government) for any tax year is in the following fiscal year, therefore, tax law changes within a particular tax year have a disproportionate influence on revenue for the following fiscal year. As income tax revenue is collected via withholding and estimated tax payments throughout the year, this impact is somewhat tempered for this revenue source.

## Other data

Other data within this report comes from many sources and may have similar challenges to those discussed above.

# Exhibit 99.11

## Modification of data

We have sourced the data included in this report directly from the sources listed in *Exhibit 99.01* and where possible, have not revised it. In certain cases, where necessary to make the data comparable or comprehensible, we have modified the data. Specifically, we modified the following data:

- All data throughout this document that is accompanied by one asterisk (*) or two asterisks (**) was converted from a calendar year basis to a fiscal year basis using the formulas described within this report at *Exhibit 99.10* and at *Part II. Item 7. Management's Discussion and Analysis / Modification of data*. This modification was required because data is not provided by our Government on a consistent basis, and to do a full analysis, one must have data on a consistent basis;
- The cohort tables within this report at *Part I. Item 1. Purpose and Function of Our Government / Customers, Cohorts of our population* and *Part II. Item 7. Management's Discussion and Analysis / Key metrics by segment /* were created by us using data collected from a variety of government sources, the two most important being two microdata sets: the Current Population Survey (March Supplement) issued by the Census Bureau and the Public Use File issued by the IRS Statistics of Income Division (see more on our methodology in *Exhibit 99.07*);
- For the combined functional income statements, to provide compensation for personnel past and present, we combined Treasury, Office of Management and Budget (OMB), and Census data with compensation data from the US Bureau of Economic Analysis (current payments for wages and salaries and health benefits). See this page on our website – https://usafacts.org/usafacts-financial-analysis-methodology/ – for detailed information on the composition of our combined functional income statements;
- For the combined segment income statements, we have regrouped Treasury, OMB, and Census data into our financial statement and reporting segment categories for presentation purposes. See this page on our website – https://usafacts.org/usafacts-financial-analysis-methodology/ – for detailed information on the composition of our combined segment income statements; and
- We calculated the breakout of year over year tax revenue changes between tax base changes (generally taxable income) and tax rate changes by holding one variable constant while changing the other, as follows:

  Hold year 1 average tax rate constant and assume it also applies to year 2. That is, multiply the year 1 rate by the year 2 base. Then compare this figure to the actual revenue in year 1. The difference is how much was attributable to the base change. The residual is the amount of revenue change that is attributable to the rate change.

  For example, assume the rate in 2013 is 20%. Assume the base in 2013 is $1,000. This implies revenue of $200. Now suppose the base in 2014 is $1,200 and the revenue is $300. The amount attributable to the base increase would be calculated by assuming the 20% rate applied to the new base of $1,200. This would imply a revenue of $240 if the rate was held constant. Therefore, $40 of the revenue increase is attributable to the base increase. The remainder ($60 = $300 – $240) is attributable to the rate change.

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