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**Table of contents**
Our nation, in numbers.

If you’re interested in gaining insight on government by the numbers, look no further. In this year’s annual report, we’ve summarized the most recent data on government finances, outcomes of government activities, and population trends. USAFacts is a not-for-profit, non-partisan resource built for people like you. Red or blue, left or right, or anywhere in between, it doesn’t matter. We believe understanding the numbers is the cornerstone to a healthy and productive democracy. Our goal is to help inform active citizenship and fact-based debate.


usafacts.org
Our principles

Our mission is to provide Americans with a portrait of the US population, government finances, and the outcomes of government activities. Everything we do is grounded in these five principles:

**Factual**
We only use official government data.

**Unbiased**
We have no partisan agenda or commercial motive.

**Comprehensive**
We integrate federal, state, and local government data to show the full picture.

**Contextual**
We show historical trends and other relevant statistics.

**Comprehensible**
We present data in a clear and understandable way.

There are over 90,000 governments in the US, including states, territories, counties, cities, towns, school districts, and other special districts, each with a different authority and purpose. We work to simplify them into a single view.

**About the data**

- Government data is limited, not always timely, and sometimes inconsistent.
- We show the most recent data available as of the writing of this report. Our sources will likely release updates and restatements of data after publication of this report.
- When sources of data within the government disagree, we work with experts to choose the best series to report. Source information for charts and data in this report are on page 75.
- For consistency throughout the document, we adjust for inflation to 2016 dollars using the consumer price index.
- We combine federal, state, and local data, meaning some values in this document will differ from other reports. Please visit USAFacts.org for additional methodological details.

**About us**

- Launched on Tax Day, April 18, 2017
- Viewed by over 873,000 visitors from 221 countries and all fifty states
- Built by a small team of developers, designers, data analysts and policy experts
- Founded by Steve Ballmer, former CEO of Microsoft

We have compiled federal, state and local data from over 70 government sources and 120 databases.

**Most used sources:**

- Census Bureau
- Bureau of Economic Analysis
- Bureau of the Fiscal Service
- Bureau of Labor Statistics
- Federal Reserve
- Internal Revenue Service
- Office of Management and Budget

**Additional sources:**

- Agency for International Development
- Consumer Product Safety Commission
- Department of Agriculture
- Department of Commerce
- Department of Defense
- Department of Education
- Department of Energy
- Department of Health and Human Services
- Department of Homeland Security
- Department of Housing and Urban Development
- Department of the Interior
- Department of Labor
- Department of Justice
- Department of State
- Department of Transportation
- Department of the Treasury
- Department of Veterans Affairs
- Environmental Protection Agency
- Equal Employment Opportunity Commission
- Federal Deposit Insurance Corporation
- Federal Election Commission
- Federal Election Commission
- Federal Trade Commission
- Government Accountability Office
- National Archives and Records Administration
- National Labor Relations Board
- National Science Foundation
- Nuclear Regulatory Commission
- Securities and Exchange Commission
- Small Business Administration
- Social Security Administration
- United States Congress – Joint Committee on Taxation
- United States Courts
- United States Postal Service
We the people.

USAFacts organizes its view on government based on the framework set out in the US Constitution, organized into **four missions**:

**Preamble to the Constitution of the United States**

We the people of the United States, in order to form a more perfect union,

- **Establish justice, ensure domestic tranquility,**
  - Crime and disaster
  - Consumer and employee safeguards
  - Child safety and miscellaneous social services

- **Provide for the common defense,**
  - National defense and support for veterans
  - Foreign affairs and foreign aid
  - Immigration and border security

- **Promote the general welfare,**
  - Economy and infrastructure
  - Standard of living and aid to the disadvantaged
  - Health
  - Government-run businesses

- **Secure the blessings of liberty to ourselves and our posterity,**
  - Education
  - Wealth and savings
  - Sustainability and self-sufficiency
  - The American Dream

do ordain and establish this Constitution for the United States of America.
Dear reader,

Government plays an important role in our lives. In 2015, our governments – federal, state, and local – collected 29% of GDP from US citizens, and they either spent or redistributed over 31% of our GDP. We each believe that money should be spent in the areas we deem most important. But we also expect that, through our system of democracy, our government does sensible things with these resources even if we don’t always get exactly what we want.

We frequently debate government policies and actions as matters of pure principle, but usually these arguments devolve into “who do we tax?”, “how much should we spend?” and “are we making the desired impact?” These questions can be answered and measured by numbers – many of which our government already collects.

At USAFacts, our aim is to assemble these numbers as a basis for informed debate, which we believe is fundamental to our democracy. We can disagree on policies and have different opinions, but we should all start from the same data. The current climate of “fake news” and “alternate facts” makes no sense to us and isn’t helpful in making informed decisions about our country and our resources. Numbers, based on authentic government sources, are not partisan, even if numerical forecasts may be.

Before we started USAFacts, we looked to find a manageable, digestible presentation of the numbers. We wanted the equivalent of what public companies are required to file for its shareholders with the Securities and Exchange Commission. That includes a Form 10-K, signed by company officers. They must be prepared rigorously and honestly without hyperbole. They often have an accompanying annual report. Using only government data, we prepared a Form 10-K, an annual report, and a website filled with much more data, detailing which government sources we used, as well as where and how we combined government sources.

We present this data in a simple, organized way, designed to bring together related information, so you can make data-driven, fact-based decisions for yourself. These numbers are factual, comprehensive, integrated across all our federal, state and local governments, and in context with history, other government decisions, and outcomes. We integrate our government entities because so many services including Medicaid, education, and infrastructure are funded jointly, and the outcome is owned jointly. Personally, I know that I can’t tell you which government authority pays to build the roads in my neighborhood.

At USAFacts, we do not make judgments or prescribe specific policies. Nor do we editorialize on whether government should be spending money in different ways. Those decisions are for you – the citizens who drive our democratic process, and who can vote for candidates who agree with your point of view. We believe government professionals should use numbers to guide decisions, just as business people do.

The need to improve our country’s data sources

We believe in the professionalism of the government employees collecting data, despite finding areas where data is missing, reported inconsistently across multiple government sources, or not available on a timely basis. Agencies like the Census Bureau, the Government Accountability Office, and many others do great work. However, government must address these data issues for better transparency and timely, informed decision-making. Our political leaders need to embrace this principle, own the process, and drive improvements, rather than just speculating on the accuracy of the numbers. This is not an easy problem, given the more than 90,000 government entities that need to be accounted for, but it is a crucial one. One of the strengths of democracy is that individual governments don’t need to make decisions that are all aligned with one another, but the numbers they report should be coherent.

As you dive into these materials, please keep two things in mind:

- These numbers are enormous. It can be difficult to comprehend the sheer scale of the numbers in these reports. It’s crucial to keep in mind that a billion is a thousand million, or that a trillion is a thousand billion. Consider this simple example: It only takes about 25 seconds to count to 100, but it takes about 2.7 million seconds – a month – to count to a million. It would take 100 years to get to a billion and 32,000 years to reach a trillion! However, in the context of our country with 326 million people, a trillion dollars is just over $3,000 per person.

- It’s important not to confuse causation and correlation. If two trendlines happen to be similar, there isn’t necessarily a cause and effect relationship between them. This also means that it’s difficult to know whether activities performed by the government had any impact at all, or if perhaps other factors in the private sector, or decisions made by private citizens, caused change.

Government’s constitutional missions

To understand something as complex as our government, we must have an organizing framework. Again, we looked to the private sector for a solution. Companies divide their businesses up into segments and subsegments based on the missions in which they engage. So, we asked ourselves, what are the missions of the government of the United States? That led us to the Constitution.

The preamble to the Constitution lays out four missions:
Establish justice and ensure domestic tranquility: In this section of the report, we break down the mission into three subsegments: 1) Crime and disaster – citizen physical safety, 2) Consumer and employee safety – covering the protection of citizens from businesses or financial crime, and 3) Child safety and accompanying social services – all designed to protect children from dangerous family situations.

Provide for the common defense: Here, you’ll learn about how the government invests in 1) National defense and veterans affairs, 2) Foreign affairs and foreign aid, and 3) Immigration and border security. Note that the Constitution includes provisions for the defense of the country, but not the execution of war, so we do not include any data on that topic in our reports.

Promote the general welfare: This section details how the government invests in the day-to-day welfare of our country. We break this mission into four subsegments: 1) Stimulating our economy – including government policies as well as investments in infrastructure and research & development. 2) Standard of living – summarizing income, taxes, transfers to citizens, and what people can purchase. 3) Health – covering public health and a summary of the healthcare industry which is affected by government regulation and payments. 4) Government-run businesses – the government operates the post office, hospitals, and airports, among many other businesses.

Secure the blessings of liberty to ourselves and our posterity: This final section discusses the ways government invests in our collective futures: 1) Education – an investment in human capital. 2) Financial Security – setting savings policy, mandating investment in Social Security and Medicare, and government’s own borrowing against the future due to deficits. 3) Sustainability and self-sufficiency – Government promotes, regulates, and taxes agriculture and energy to help protect the planet and to maintain self-sufficiency in the case of global conflict. 4) The American Dream – promoting equality, a chance to move up economically, and participate in democracy, without which our country is at risk.

The numbers that stood out
After we published our initial reports last year, I was asked by many people what my key conclusions were. My view is that each citizen must make their own conclusions guided by the facts and the numbers. This year, however, there were key things that stood out to me, surprised me, or were interesting in the context of trade-offs government can make, so I wanted to highlight some of them (all dollars inflation adjusted). Other people may be drawn by other numbers, so please read the reports in detail for yourself:

Establishing justice:
- **Violent crime** (aggravated assault, robbery, rape, murder and non-negligent manslaughter): Since 1980 when there were 597 incidents per 100,000 people, rates peaked in 1991 at 758, but then were cut in half to 362 by 2014 and moved slightly back up to 386 in 2016 (page 27).
- **Drug crime**: There were 324,489 people incarcerated in 2000 for drugs (0.12% of the US population), but that decreased to 289,200 in 2016, which was 0.09% of the US population (p. 27).
- **Incarceration**: 2.2 million people are incarcerated in the US today, and that number climbed faster than population growth since 1980. Violent criminals represent 49% of the incarcerated population, partly because the average release time for violent crime rose from 3.2 years in 1995 to 4.2 years today. Drug offenders have decreased to 19% of the incarcerated population (p. 28).

Providing defense:
- **Active duty military**: There are fewer Americans serving in active duty, down from 2.1M people in 1980 to 1.3M in 2016 with notable year-over-year changes in 2008 (up only 1.6% during the “troop surge”) and 2014 (down 3.2%) correlated with changes in Iraq and Afghanistan (p. 36-37).
- **Military equipment**: Military spending has declined since the height of the wars in 2010, but it’s interesting that we now spend more ($85B) on R&D, software, and electronics than we do on aircrafts, ships, vehicles, ammunition, missiles, and gas ($75B) (p. 37).
- **Border security**: Border apprehensions are down over 80% since 2000 to 311,000, the number of border patrol agents has increased from 4,139 to 324,489 people incarcerated in 2000 for drugs (0.12% of the US population), but that decreased to 289,200 in 2016, which was 0.09% of the US population (p. 27).

Promoting general welfare:
- **GDP**: GDP growth has averaged 2.7% annually since 1980 with some volatility. This is interesting to look at in the context of changes in interest rates, government spending, or tax policies. GDP per person rose from $31,724 in 1980 to $58,468 in 2017, averaging 1.7% annual growth since 1980. The average for the first 18 years was 2.2% while the average for the following 18 years until 2017 was 1.2% (p. 43-45).
- **Jobs**: A higher percentage of working age people (ages 16-64) (69%) have jobs compared to 1980. If the percentage had remained steady, 14.6M fewer people would be working today. The most significant job growth appeared in low-wage jobs in… (see next page)
food preparation/service and personal care, and high-wage jobs in healthcare and business/finance (p. 45, 48, and 49).

- **Poverty:** Although the poverty rate fluctuated between 1980 and 2016, the official poverty rate today (which does not take into account many government transfers when calculating income) is 13% overall and 18% for children, roughly the same as in 1980. Overall, 36% of all single mothers are living in poverty, which is down from 43%, and 9% of all seniors, an improvement from 16% (p. 54).

- **Income, taxes, transfers, and standard of living:** There was a decline from $38,000 in 2000 to $33,000 in 2016 for the minimum family income needed to reach the middle 20% of the income quintiles, while it currently takes $116,000 to get into the top 20%. Also, we saw an 11% increase in the average transfer (excluding Social Security and Medicare) to disadvantaged people (the bottom 20%) since 2000 to $11,731 today. The average amount spent on housing is $470 for the poorest 20% of Americans, $1,006 for the middle 20%, and $2,301 for the top 20%. (p. 51 and 53).

- **Health and healthcare:** Obesity and diabetes rates have been rapidly increasing since 2000. Smoking rates have decreased. The average age of death in 2016 was 72.9, up from 72.3 in 1999, and life expectancy for those born in 2015 is 78.8 years, up from 73.7 in 1980. Spending on healthcare in the US (private, government, and out-of-pocket spending for healthcare expenses like drugs, hospitals, doctors, and health insurance administration) is up to $9,578 per person (16.6% of GDP), an increase of 56% since 2000. On average $1,100 of that is out of citizens’ own pockets. Regarding cost of care, Medicaid spending per person has been flat since 1999, Medicare spending per person has been flat since 2009, while the cost of a hospital stay on average is up 35% from 2000 to $11,401 (p. 57-58).

**Securing the blessings of liberty:**

- **Education:** High school graduation rates are up to 82% from 71% in 1980, while 8th grade reading and math proficiency rates are at 36% and 34%, and student teacher ratios are down to 16:1 from 19:1 in 1980 (p. 62).

- **Federal deficits:** Our government has operated at a deficit every year since 1980 other than 1997-2001 and 2007 (all of which came right before economic slowdowns). Looking at taxes as a possible way to address deficits, payroll taxes generate 34% of federal revenue compared to income taxes at 47%. The top 20% of the population pay less payroll tax than income tax, while the other 80% pay more payroll taxes (directly and through their employers) than income tax. Looking to spending as a possible way to address deficits, obligations for Social Security and Medicare, federal pensions, and interest payments account for 36.2% of combined federal, state, and local spending (p. 13 and 17). Population changes also can affect deficits, as a higher population means more workers paying taxes, while more elderly people means more benefits to be paid. Elderly Americans have increased to 15% of the population from 11% in 1980. Overall, the population grew by 2.3 million people in 2016 – a combination of 1.1M new immigrants, 3.9M births, and 2.7M deaths (p. 10).

- **Mobility and key factors by race:** On average, the probability that a child, whose parents were in the bottom 20% of income, would themselves move out of the bottom 20% has been 83% for Asians, 75% for Hispanics, 71% for Whites, and 63% for Blacks. Also, the percent of 16 to 64-year-olds working is 74% for Whites, 68% for Hispanics, 65% for Asians, and 60% for Blacks. Finally, the percentages of births from unmarried women are 70% for Blacks, 53% for Hispanics, 29% for Whites, and 12% for Asians. (p. 71 and 72).

These observations are just a small sample of what’s available to you inside this year’s annual report and 10-K. You’ll also find links to our website throughout, serving up even more data.

**Thank You**

On behalf of everyone at USAFacts, I want to thank you for your interest and enthusiastic support throughout our first year, and we remain confident that Americans can make progress on the challenges we face together. We hope you will use the information to challenge even your own assumptions, as you make decisions for yourself based on numbers and data. Use it when you watch the news, when doing research, when teaching our students, when writing laws, when scrolling through social media, and especially when you vote.

We’ll give you the numbers. You get to decide.

Sincerely,
Steve Ballmer
Population

Figure 1
Total US population

1980: 226,545,805
2017: 325,719,178
We’re getting more diverse, older, and more educated.

In 2016, we added over 2.3 million people to the population with 3.9 million births, 2.7 million deaths, and a net increase of 1.1 million new immigrants.

We’re becoming more diverse. The percent of the Hispanic population in the US has nearly tripled to 17.8% of the population in 2016 from 6.4% of the total population in 1980. Meanwhile, the percent of the population that is White, non-Hispanic has decreased from nearly 80% of the total to 61.3% in 2016 (Fig. 2).

We are getting older. The median age of our population increased to 37.9 years old in 2016 from 30 years old in 1980. Elderly Americans (age 65 and over) increased from 11.3% to 15.2% of the total population (Fig. 3).

The percentage of the country that is under 18 declined to 22.8% of the total in 2016 from 28.1% in 1980. In 1980, there were 2.5 people under 18 per every person over 65, compared to 1.5 today.

We’re becoming more educated. The share of adults 25 years and up with at least some college experience has increased 14 percentage points to 60% in 2016, and the rate of individuals with less than a high school diploma has decreased 13 percentage points since 1990 to 12% (Fig. 4).

The percent of the population living in the South and West has grown to 38% and 24%, respectively, while the percentage living in the Northeast and Midwest has declined.
More people are living alone, and there are fewer married couples with children.

Average household size has fallen from 2.76 people per household in 1980 to 2.54 people per household in 2017, while over the same period the share of households that are single people living alone rose from 23% to 28%.

Despite population increasing by 44% since 1980, there are fewer married families with kids today than in 1980. Nineteen percent of all households in 2017 are composed of married couples with kids, compared to 31% of all households in 1980.

Single parents make up 31% of all families with children, down from 32% in 2012, but up from 20% in 1980.

Divorce has also risen— in 2016, 13.2% of all men and 15.8% of all women who had ever been married were divorced, an increase from 6.8% of all men and 8.6% of all women in 1980.

Households are defined by the people that occupy a housing unit. They can be families where two or more related individuals live together, single individuals living alone, or other household types including multiple unrelated individuals living together.

Figure 5
Households by type
In millions

<table>
<thead>
<tr>
<th>Type</th>
<th>1980</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married, no kids</td>
<td>25.0M</td>
<td>37.1M</td>
</tr>
<tr>
<td>Married parents</td>
<td>24.1M</td>
<td>35.3M</td>
</tr>
<tr>
<td>Single, no kids</td>
<td>18.3M</td>
<td>19.5M</td>
</tr>
<tr>
<td>Single mothers</td>
<td>7.3M</td>
<td>8.2M</td>
</tr>
<tr>
<td>Single fathers</td>
<td>5.4M</td>
<td>5.4M</td>
</tr>
<tr>
<td>Other households</td>
<td>0.6M</td>
<td>2.4M</td>
</tr>
</tbody>
</table>

Do you know…

The census asks individuals to choose a race (White, Black, Asian, American Indian or Alaska Native, or other), and also asks whether or not individuals are of Hispanic, Latino, or Spanish origin?

Everyone is classified by both race and ethnicity.
Government revenue, spending, and employment
Since 1980, the government has spent more than it receives in all but 6 years.

Federal, state, and local US governments combined spent more than they took in every year since 1980, except 1997 to 2001 and again in 2007 (Fig. 6).

Tax revenue, the government’s primary source of funding, exceeded spending only in 2000.

The government collects other revenue by selling resources (e.g. land, oil rights), and from interest on investments. Some government dollars (such as state and local pension funds) are invested in markets and can lose money in recession years as happened in 2009.

More detail

Total government debt has increased to $16.6 trillion.

Total government debt (federal, state, and local) was $51.270 per American in 2016, equal to about 94% of our nation’s GDP.

Total government debt is smaller than federal debt (about $20 trillion) because it excludes money government borrows from the Social Security trust fund to pay other expenses, and money the federal government owes state and local governments (Fig. 7). Looking at government as a whole, both of these are debt that one part of government owes to another part, but does not owe to creditors.

More detail

*Federal, state and local debt held by the public excludes intragovernmental debt and accrued interest*
Did you know…
You can explore the big picture of government finances at USAFacts.
See our interactive visual.
Total Spending 2015

$5.7 trillion

Includes local, state, and federal governments.
Over a third of all government revenue today comes from individual income taxes.

Federal, state, and local governments collected a combined $5,175,829,951,000 in revenue in 2015, with $1.9 trillion, the greatest proportion of funding, coming from individual income taxes.

Payroll taxes, $1.1T, are the second largest source of government revenue and include $792.2B for retirement and disability (Social Security), $238.3B for Medicare, and $52.0B for unemployment insurance.

9% ($488.0B) of government revenue comes from property taxes, 8% ($401.0B) comes from corporate income taxes, 7% ($368.2B) comes from sales taxes, and 5% ($274.8B) comes from excise taxes (taxes on specific items such as gasoline or tobacco).

Remaining tax revenue includes licenses and fees, customs & duties, estate taxes (on inherited wealth passed from one generation to the next), and severance taxes totaling $181.2B.

9% of government’s revenue, or $471B, comes from non-tax revenue including $52.7B sales of government assets and resources (e.g. oil drilling rights, wireless spectrum), $97.0B federal reserve earnings, $159.3B earnings on investments (e.g. investment of pension funds), and $162.4B in other non-tax revenues, including fines and penalties.

Do you know...

Not all money the government receives is counted as revenue? Some receipts, such as fees for visiting national parks, are used to offset spending for specific programs and subtracted from expenses instead of counted as revenue.
25% of total government spending pays for Social Security & Medicare.

Federal, state, and local governments spent a combined $5,660,024,200,000 in 2015. 53% of spending is devoted to securing the blessings of liberty to ourselves and our posterity including $895.7B on Social Security and general retirement, $546.1B on Medicare, $849.2B on education, $104.6B on sustainability and self-sufficiency including environment, energy, and agriculture, and $618.5B in obligations including debt interest and government retirement. The next largest category is $1.3T spent on general welfare including $238.0B on economy and infrastructure, $146.6B on health (excluding Medicaid and Medicare), and $938.3B on standard of living and aid to the disadvantaged, which includes Medicaid, and programs such as disability insurance, food stamps (SNAP), and unemployment insurance.

To provide for the common defense, our government spends $811B, including $589.7B on national defense, $158.9B on support for veterans, $48.5B on foreign affairs & foreign aid, and $13.9B on immigration and border security.

To establish justice and ensure domestic tranquility, government spends $406B including $260B on crime, $49.0B on fire and disaster, $20.3B on consumer and employee safety, and $76.4B on child safety and miscellaneous social services.

More detail
Combined government revenue has increased 60% per person since 1980…

Since 1980, total revenue has increased to $5.2 trillion annually from $2.3T after adjusting for inflation. The government collected about $10,154 per person in 1980 which increased 60% to $16,272 per person in 2015. Increases in revenue have been driven by higher income-tax and payroll-tax collections. Despite the increase, income taxes (37% of total revenue in 2015), payroll taxes that finance Social Security and Medicare (21% of total), sales and excise taxes (12% of total), and property taxes (9% of total) make up nearly the same proportion of total revenue in 2015 as they did in 1980. Corporate income taxes accounted for 8% of total revenue in 2015, down slightly from 10% of all taxes in 1980. Other taxes including tariffs and duties, estate taxes on the estates of high net-worth individuals, and licenses and fees, made up 4% of total revenue in 1980 and 2015. Non-tax revenue includes sales of government resources (natural resources like oil and gas), earnings on investments, and Federal Reserve earnings, and this category has increased from 6% in 1980 to 9% in 2015.

Do you know…

The Census surveys state and local governments to produce a unified statistical source for government finances. Unfortunately, there is a year-and-a-half delay to the release of this data set, meaning 2015 is the most current year available.
...while combined government spending has increased 62% per person, after adjusting for inflation.

Over the past 35 years, total annual government spending has increased to $5.7 trillion from $2.5 trillion in 1980 after adjusting for inflation. Government spent $10,992 per person in 1980 and $17,794 per person in 2015.

The growth in overall spending is driven in part by increases in spending for benefit programs like Social Security and Medicare, from 28% of spending in 1980 to 36% in 2015, as well as increases in programs for the disadvantaged (11% to 17% of total spending).

Some areas of spending have decreased since 1980:

- National defense is 13% of total spending (down from 19% in 1980),
- Economy and infrastructure is 4% of spending (down from 7% in 1980),
- Sustainability and self-sufficiency (including energy, environment, and agriculture) is 2% (down from 6% in 1980).

Education spending was 15% of total spending in both 1980 and 2015.

Although federal, state, and local government continues to run combined deficits, the annual deficit has fallen from its peak in 2009 of nearly $2.6 trillion to $489 billion in 2015.

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Education spending was 15% of total spending in both 1980 and 2015.

Although federal, state, and local government continues to run combined deficits, the annual deficit has fallen from its peak in 2009 of nearly $2.6 trillion to $489 billion in 2015.
36% of all government revenue comes from state and local sources.

Figure 12
Total state & local revenue, 2015

$1.9T*

This excludes an additional $654B in federal government transfers to state and local governments.

<table>
<thead>
<tr>
<th>Federal</th>
<th>State and local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual income taxes $367.9B</td>
<td></td>
</tr>
<tr>
<td>Corporate income taxes $57.2B</td>
<td></td>
</tr>
<tr>
<td>Sales and excise taxes $544.7B (sales on motor fuel, tobacco, alcohol)</td>
<td></td>
</tr>
<tr>
<td>Property taxes $488.0B</td>
<td></td>
</tr>
<tr>
<td>Estate and gift taxes $4.9B</td>
<td></td>
</tr>
<tr>
<td>Severance taxes $12.7B</td>
<td></td>
</tr>
<tr>
<td>Customs and duties</td>
<td></td>
</tr>
<tr>
<td>Licenses $70.2B</td>
<td></td>
</tr>
<tr>
<td>Other taxes $29.6B</td>
<td></td>
</tr>
<tr>
<td>Sales of government resources $18.0B</td>
<td></td>
</tr>
<tr>
<td>Federal reserve earnings</td>
<td></td>
</tr>
<tr>
<td>Earnings (losses) on investments $159.3B</td>
<td></td>
</tr>
<tr>
<td>Other non-tax revenues $121.6B</td>
<td></td>
</tr>
<tr>
<td>Tax revenue $1,575.2B</td>
<td></td>
</tr>
<tr>
<td>Non-tax revenue $298.9B</td>
<td></td>
</tr>
<tr>
<td>State &amp; local net surplus/deficit (-$45.7B)</td>
<td></td>
</tr>
</tbody>
</table>

More detail
45% of state & local spending is for law enforcement, education, and aid to the disadvantaged.

$2.6T

Do you know...
One quarter of state and local government revenue comes from the federal government? The federal government transferred $654 billion in 2015 in grants to state and local governments to run programs such as Medicaid. Unlike the federal government, most states must balance their operating budgets. States can, however, still lose money on invested funds (e.g. government pension funds) and can pay for long term projects over time.
Since 1980, increases in spending have come primarily from payments to individuals and subsidies.

**Figure 14**

Government spending on payments to individuals and subsidies by program (2015)

<table>
<thead>
<tr>
<th>Program</th>
<th>Expenditure (2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>$881,365</td>
</tr>
<tr>
<td>Medicare</td>
<td>$622,084</td>
</tr>
<tr>
<td>Medicaid &amp; CHIP</td>
<td>$512,459</td>
</tr>
<tr>
<td>SNAP</td>
<td>$71,041</td>
</tr>
<tr>
<td>EITC</td>
<td>$60,084</td>
</tr>
<tr>
<td>SSI</td>
<td>$52,276</td>
</tr>
<tr>
<td>Unemployment</td>
<td>$32,671</td>
</tr>
<tr>
<td>Other*</td>
<td>$464,574</td>
</tr>
</tbody>
</table>

**Do you know** about government’s payments to individuals and subsidies?

- **Social Security**: income for the elderly (65+)
- **Medicare**: healthcare for the elderly (65+)
- **Medicaid**: healthcare for the disadvantaged (individuals making under 138% of the poverty line).
- **Children’s Health Insurance Program (CHIP)**: healthcare for disadvantaged children.
- **Supplemental Nutrition Assistance Program (SNAP)**: food assistance for the disadvantaged, commonly known as food stamps.
- **Earned Income Tax Credit (EITC)**: A tax credit for working people with low income. It is considered a payment to individuals because it is “refundable,” meaning people can get a tax refund from the government even if they don’t owe taxes.
- **Supplemental Security Income**: monthly payment to individuals who have limited income and savings, and are disabled, blind, or elderly (65+).
- **Unemployment**: temporary income for individuals who are unemployed and looking for work.
- **Other**: includes Pell Grants (education), housing assistance, Temporary Aid to Needy Families (TANF), energy assistance, and other transfer programs.

**Figure 15**

A different look at government spending*

Expenditures for federal, state, and local governments in six functional areas, similar to how a business might report expenses (adjusted for inflation in 2016 dollars).

- **$2.7T** Payments to individuals and subsidies
- **$1.5T** Personnel & compensation
- **$707B** Payments to companies and non-government workers for goods & services
- **$488B** Capital spending
- **$300B** Net interest paid
- **-$489B** Net surplus (deficit)

*Does not include intragovernmental interest payments
Of 23.3 million government workers, 83% are state and local employees. Nearly half are in education.

As of 2014, there were approximately 23.3 million full and part-time employees of our government, including four million federal employees, of whom 8% (excluding armed forces) work part-time; 5.3 million state employees, of whom 30% work part-time; and 14.0 million local government employees, of whom 24% work part-time. The Census has not updated federal employment numbers since 2014, an example of needed improvements to the timeliness of government data.
Government’s constitutional missions

Establish Justice and Ensure Domestic Tranquility
Page 25

Provide for the Common Defense
Page 35

Promote the General Welfare
Page 41

Secure the Blessings of Liberty to Ourselves and Our Posterity
Page 61
In 2015, the government spent $406.0B, 7% of total government spending, to “establish justice and ensure domestic tranquility.”

Most spending in this area comes from state and local governments, which are responsible for maintaining police forces and many aspects of the criminal justice system.

This mission includes:

- **Crime and disaster**: Government maintains police forces and operates the criminal justice system to enforce law and order; government also provides assistance in the case of fire or disaster.

- **Consumer and employee safety**: Government sets standards for consumer product safety, financial protection and regulation, workplace safety and labor fairness, and transportation safety, in order to protect Americans from dangerous products or business practices.

- **Child safety and miscellaneous social services**: Government runs the child protective services system, provides child welfare, and supports foster care in order to protect the most vulnerable Americans – our children.

Figure 17

**Spending by mission, 1980 to 2015**
Charts adjusted to 2016 dollars for comparison

- **State and local**
- **Federal**

Crime and disaster
$309.3 billion

Consumer and employee safety
$20.3 billion

Child safety and misc. social services
$76.4 billion

Figure 18

**Percent of total government spending in 2015 (and percent of total in 1980)**
In 2016 dollars. Bar lengths represent total government spending and are drawn to scale.

- **Crime and disaster**
  - 2015: 5.5% (4.0%)

- **Consumer and employee safety**
  - 2015: 0.4% (0.5%)

- **Child safety and misc. social services**
  - 2015: 1.3% (1.4%)
Crime rates have generally declined since 1980...

Do you know...
Crime rates as measured by the FBI and reproduced here consist only of crimes known to law enforcement. Unreported crimes are not included. Reported crimes are sourced from law enforcement agencies around the country.
... but the reported rate of violent crime has increased since 2014.

Crime rates have generally declined since 1980, but violent crime rose in both 2015 and 2016 (Fig. 20). Violent crime includes aggravated assault, robbery, murder, non-negligent manslaughter, and rape. From 2015 to 2016, the rate increased across all of these categories (Fig. 21). Of these crimes, aggravated assault is the most common with a rate nearly five times higher than murder and non-negligent manslaughter. Robberies and assaults have greatly decreased since the early 1990s, while the rate of rapes and murders have not changed significantly since 1980.

Crime overall has declined across all regions of the US. The rate of violent crime is highest in the South and West. In 1980, it was highest in the West and Northeast.

Property crime (larceny/theft, burglary, motor vehicle theft) has decreased since 1980 (Fig. 22). In 2015, property crime was highest in the West and South regions of the US.

The police force has increased from 715K in 1980 to 1.2 million today, faster than US population growth.

Total arrests have fluctuated, and although population has grown, total arrests in 2016 are close to 1980 levels around 10.7 million per year. Since 1980, after adjusting for population the arrests for violent crime (per 100,000 people) have fallen by 24%, while arrests for property crime (per 100,000 people) have fallen by 49%. Arrests per 100,000 people for drug crimes (primarily possession vs. manufacturing), however, increased by 90% between 1980 and 2016 (Fig. 23).
The number of incarcerated persons has increased by 330% since 1980.

The correctional population – the number of persons in jail, prison, and under community supervision – increased from 1980 to 2015, faster than the population which increased 42% over the same period (Fig. 24). In 2015, the correctional population included 6.7 million people, equal to approximately 2% of the total population. 4.7 million people (1.4% of the total population) are under community supervision, an increase from 1.3 million (0.6% of the total population) in 1980.

12.6% of prisoners are in federal prisons, while 87.4% are in state prisons. 55% of the state prison population is serving time for violent crimes (Fig. 25). 30% of prisoners are white, 33% are black, and 23% are Hispanic.

For all offenses except property crimes, the mean time served increased from 1995 to 2009 (the most recent year available) (Fig. 27). On average, people released from state prison after sentences for the most violent crimes served terms of just over four years. For drug and property crime, time served averaged 1.7 years. In 2014, there were 3,927 state prisoner deaths, 87% resulting from illness.
There have been more suicide gun deaths than homicide gun deaths every year since 1981.

There were 38,658 deaths from firearms in 2016, and more than half were suicides (Fig. 28). In 2016, 59% of all firearm deaths were suicides and 37% were homicides. 51% of all suicides were firearm suicides. Suicide firearm deaths are rising faster than the population, increasing by 36% since 2006. Homicide firearm deaths more recently began increasing, climbing 31% between 2014 and 2016. Legal intervention (deaths caused by law enforcement and other persons with legal authority to use deadly force), and unintentional deaths each accounted for 1.3% of firearm deaths in 2016. The remainder were undetermined.

Over one-third (33.5%) of all gun deaths in 2016 were among individuals between 20 and 34 years old (Fig. 29), a rate of 19.3 firearm deaths per 100,000 people in this age group.

African Americans experience a higher rate of firearm deaths than other races and ethnicities, with 22.3 firearm deaths per 100,000 people, more than twice the rate for white people of 10.9 firearm deaths per 100,000 people (Fig. 30). The firearm death rate has increased for all racial and ethnic groups since 2014.

There is no government agency that counts the total number of guns in the United States. Background checks, however, are required for many gun purchases, and have increased significantly in recent years, rising 91% between 2010 and 2016 (Fig. 31). The number of firearms manufactured rose 99% between 2010 and 2013, before falling 14% between 2013 and 2015. Both of these increases far outpace population which grew 4.7% between 2010 and 2016.
Do you know...

After the 2017 hurricane and fire season, the National Oceanic and Atmospheric Administration called 2017 “the most expensive year on record” for natural disasters in the country.
Declared natural disasters are becoming more frequent, especially fires and severe storms.

Disaster declarations
Since 1980, natural disasters have increased in frequency (Fig. 32). Between 1980 and 1989, there were an average of 25.2 disaster declarations per year. By contrast, in the last ten years (2008-2017), we have declared 121.3 disasters on average per year. The most significant recent increases in disasters have been from fires, which reached a high point in 2011 due to several wildfires in Texas and California. Severe storms have increased as well with an average of 2.1 per year in the 1980s, 18.3 per year in the 1990s, and 40.4 per year in the 2000s.

Major hurricane seasons in 1999 (Floyd), 2005 (Katrina), 2013 (Sandy), and 2017 (Harvey/Irma) also led to spikes in disaster declarations during these years (Fig. 30). Since 1980, the five states with the most declared disasters are California (243), Texas (222), Oklahoma (151), Washington (121), and Florida (111).

Disaster aid
Although not the most prevalent of disasters, hurricanes have become some of the costliest natural disasters in recent years (Fig. 33). Hurricanes Katrina, Ike, and Sandy made 2005, 2008, and 2013 the costliest years for FEMA (Federal Emergency Management Agency) between 2005 and 2016.

Between 2005-2016, the states receiving the most in disaster aid are Louisiana – $26.0B, New York – $23.0B, Texas – $9.0B, California – $6.3B, and Mississippi – $5.7B (Fig. 29). The 2017 hurricane and fire season may have altered these averages, with a high number of disasters that disproportionately affected California (25), Kansas (9), Montana (8), Florida (8), Georgia (6), Oregon (6), Oklahoma (6), Nevada (5), Idaho (4), Puerto Rico (4), the Virgin Islands (4), Louisiana (4), and Washington (4).
Reported fraud is increasing with a median loss of $429. The largest losses affect consumers over 80.

**Consumer fraud**

Total reported consumer fraud complaints are on the rise, particularly for activities like identity theft, robocalls, spam email, and malicious websites (listed as “other” in Fig. 34). There were over 1.1M fraud reports in 2017, totaling $905M in total fraud losses and a median loss of $429. By age group, frequency of fraud is more common for middle aged individuals, however for those 80 years or older, the financial impact is often much steeper (Fig. 35). New IRS electronic tax filing requirements are primarily responsible for the fraud decrease in the past year.

Common types of fraudulent activities include false debt collection (23%, demands for non-existent debts), identity theft (14%, credit card fraud and wrongful use of personal info), and imposter scams (13%, false representation as a trusted entity). By median amount lost, the most common scams are: travel, vacation and timeshare plans; mortgage foreclosure relief and debt management; and business and job opportunities. By state, the highest rates of fraud per capita in 2017 were Florida, Georgia, and Nevada.

**Consumer product injuries**

Total consumer product injuries and voluntary product recall orders have increased in recent years. There are more than 13.6 million reported injuries each year and 81% came from three product categories in 2015: sports & recreational equipment, home structures & construction materials, and home furnishings & fixtures (Fig. 36).

**Workplace standards**

Since 2000, overall occupational injuries & illnesses have decreased (Fig. 37). About 5,000 people die every year from work related injuries. Non-fatal work injuries have decreased.

Under the Fair Labor Standards Act, there were 21,510 cases with violations in 2017, an increase from 17,968 in 2009. Over 252,000 employees received back wages last year.
After decreasing until 2011, transportation crashes and fatalities are now increasing.

In recent years, there were over six million transportation crashes. In 2016, there were 39,441 fatalities (Fig. 38). Between 1990 and 2011, transportation accidents fell 18% and fatalities declined 27%. Since 2011, however, these trends have reversed, with crashes increasing 18% and fatalities increasing by 14%.

Alcohol-impairment continues to be the top driver-related factor in highway fatalities (Fig. 39). In 2016, 39% of highway fatalities (14,610 deaths) were alcohol related. Other top factors for that year in traffic crash fatalities include speeding (10,111 deaths), failure to use a seat belt (10,428 deaths), and distracted driving (3,450 deaths).

Since 1980, the number of licensed drivers as a proportion of the US population increased by five percentage points. There were 221 million drivers in the US as of 2016. Pedestrian deaths on our roadways fell by half from 1980 to 2009 to 4,109 fatalities (Fig. 40). Since 2009, however, pedestrian deaths have increased by 46 percent to 5,987 deaths in 2016 – a level last seen in 1991. Recreational boating is a leading cause of water-related transportation deaths. Transit, passenger rail, and commercial airplane travel remain the safest modes of transportation.

Vehicles have become more highly-regulated with increasing standards set by the National Highway Traffic Safety Administration, beginning with 5 star vehicle ratings in 1993. 78.9 million transportation items were recalled in 2016 (vehicles, equipment, child safety seats and tires), an increase from 12.6 million in 1980. Between 2011 and 2016, the total number of recalls increased more than 407%.

Americans are buckling up more as passengers and drivers with an estimated 90.1% percent using seat belts in 2016 (Fig. 41). Two decades ago, only 58% used seat belts.
Nearly 1 in 5 children in the US are in poverty.

Currently, 18% of children are living below the federal poverty line (Fig. 42). This is down from 22.0% in 2010, but not significantly different than 19% of children in poverty in 1980.

An estimated 1.3 million students are without stable housing on any given day, up from 656K in 2004 (Fig. 43). Since the data is collected as a point-in-time count, it is unknown how many students experience housing instability over the course of a year. The majority of these students are “doubled-up” meaning they are staying with friends and family due to loss of permanent housing. Others are in transitional housing or living in hotels and motels.

More school-age kids are qualifying for reduced-price and free school lunch (Fig. 43). In 2017, 73% of school lunches were served to kids for free or at a reduced-price, an increase from 45% in 1980.

As of 2015, 37 million children were enrolled in Medicaid and 8.4 million were enrolled in CHIP. In the most recent year of data available, 31 million children enrolled in Medicaid accessed medical care using the program.

About four million unique cases of child maltreatment are referred to Child Protective Services each year, primarily by mandated reporters in education or law enforcement (Fig. 44). This number is an increase from 2007, the earliest point of historical comparison available.

270K children entered the foster care system in 2016, more than the 250k children who exited it. The median time spent in foster care is just over one year, down from 20.5 months in 1998 (Fig. 45). As of 2016, 440K children were in foster care. 55% (233K) planned to reunify with their parents while 26% (110K) were waiting to be adopted. The racial makeup of kids in foster care has changed over the past decades. In 1998, 43% of children in foster care were Black, 35% were White, and 15% were Hispanic. In 2016, 23% of children in foster care were Black, 44% were White, and 21% were Hispanic.
In 2015, the government spent $810.9 billion, 14% of total government spending, to "provide for the common defense."

This mission is primarily funded by the federal government, which is responsible for raising an army, securing our borders, and conducting foreign affairs.

This mission includes:

- **National defense and veterans affairs**: Government protects the nation by raising an Army, Navy, and Air Force, providing veterans benefits, and investing in defense research and development.
- **Foreign affairs and foreign aid**: Government maintains diplomatic and foreign service including embassies and ambassadors, and provides economic and military foreign assistance to other nations.
- **Immigration and border security**: Government sets immigration policy, issues visas and green cards, maintains the border patrol, and enforces customs and immigration laws to regulate the admission of people and goods into the US.

**Figure 46**
Spending by mission, 1980 to 2015
Charts adjusted to 2016 dollars for comparison

- **National defense and veterans affairs**: $748.5 billion
- **Foreign affairs and foreign aid**: $48.5 billion
- **Immigration and border security**: $13.9 billion

**Figure 47**
Percent of total government spending in 2015 (and percent of total in 1980)
In 2016 dollars. Bar lengths represent total government spending and are drawn to scale.

- **1980**
  - National defense and veterans affairs: 13.2% (18.6%)
  - Foreign affairs and foreign aid: 0.9% (1.5%)
  - Immigration and border security: 0.2% (0.1%)

- **2015**
Fewer Americans are serving in active duty despite recent recent wars.
Military spending has declined since the height of wars in Iraq and Afghanistan in 2010.

**Spending**
National defense spending in 2017 totaled $728.9B (adjusted to 2016 dollars for comparison), a decrease from $916.6B in 2010. Spending on national defense ebbs and flows with conflicts in which the US is involved, increasing in the 1980s until the end of the Cold War, and then decreasing until 2002 when it began to rise again with the start of the war in Afghanistan and Iraq. $244B (33%) of military spending is for compensation of personnel, which has risen since 1980 despite the fact that the total number of military personnel has declined. Total military compensation (including salary and all benefits) per active duty servicemember grew from $58,941 in 1980 to $113,106 in 2016, after adjusting for inflation. Civilian military pay has followed the same trend. Another $148.0B (21%) of national defense spending is for services for the military such as transport and weapons support. The remainder is spent on R&D and items such as aircraft, missiles, ships, and electronics (Fig. 49). Most spending categories have increased during times of conflict and decreased during peace-time, however, the military spent significantly less on missiles (-60%), aircraft (-52%), ships (-33%) and R&D (-24%) and significantly more on electronics (+40%) at the height of spending in the wars in Iraq and Afghanistan (2010) than it did at the end of the Cold War (1987).

**Personnel**
The total number of active duty military declined 36.2% since 1980, with significant decreases in all branches except the Marine Corps where it held steady (Fig. 50). As of 2016, 1.1 million active duty military (82% of the total) were stationed in the US, with another 8% in Europe 5% in East Asia and the Pacific, 3% in Africa, the Middle East, and South Asia, and 2% listed as undistributed, which includes individuals in classified areas (Fig. 51). The total number of troops decreased in every region between 1980 and 2016 with the exception of Africa, the Middle East, and South Asia and those listed as “undistributed” due to conflicts in the Middle East. Active duty military can be deployed and moved to different locations at any time in case of conflict.
A veteran in the US is likely white, male, and currently employed.

Overall, the total number of veterans in the US is declining, falling from 24.3 million in 2005 down to 20.3 million in 2016.

From 1996 to 2016, expenditures for the Veteran’s Administration increased by 179%, adjusted for inflation, even as the number of veterans declined (Fig. 52). Costs were driven up by a 194% increase in compensation and spending benefits, a 132% increase in costs of veteran’s medical care, and a 531% increase in education and vocational rehabilitation benefits which came as a result of the Post - 9/11 Veterans’ Educational Assistance Act.

Among veterans today:
- 38% served in a Gulf War and 36% served in Vietnam.
- 29.3% of veterans have a disability.
- Half of veterans are over 65 years of age. Nearly another quarter are aged 35-54 (Fig. 53).
- 6.9% of veterans are in poverty, lower than the 12.7% national poverty rate (Fig. 55).
- 76% of veterans participate in the work force (Fig. 56).
- 28% have a bachelor’s degree.
The US promises over $49 billion in foreign aid, primarily economic assistance, to other countries.

Foreign aid obligations reached $49B in 2016, increasing 71% since 1980 (after adjusting for inflation), but accounting for less than 1% of total government spending (Fig. 57). Obligations are binding agreements that require funds to be available and are paid immediately or in the near future. The majority of assistance is economic (69%) with the remainder being military. 37% of all foreign aid is for governance, including to promote public sector administration, democratic participation and elections, civilian peace-building, and social welfare services (Fig. 58). 24% is devoted to health and population, including HIV/AIDS prevention, basic health, and maternal, child, and family health. 14% is dedicated to humanitarian purposes, including emergency response and disaster relief and preparedness.

The top regions receiving foreign aid are the Middle East and North Africa, Sub-Saharan Africa, and South and Central Asia (Fig. 59). Aid to the Middle East spiked in the mid 2000s, driven primarily by increases in aid to Iraq which reached $9.7B in 2006 (Fig. 60). Aid to South and Central Asia spiked in 2011, driven by increases in aid to Afghanistan, which reached $13.4B in 2011. 30% of all foreign aid in 2016 was given to four countries: Iraq and Afghanistan, where we have been involved in conflict since 2003 and 2001, respectively, and Egypt and Israel, where we have been directing significant aid since the 1970s.
Border apprehensions and drug seizures are declining.

**Border security**
The estimated population of unauthorized immigrants living in the US is 12.1M people, an increase from 8.5M in 2000. The Department of Homeland Security does not state how many unauthorized immigrants migrate to or leave the US each year; however, border apprehensions have declined since 2000, while the number of border agents has risen over 4X (Fig. 61). 98% of border apprehensions are made on the Southwest border and 56% of those apprehended are Mexican citizens. The remaining 44% are individuals coming through Mexico but are citizens of other countries. Persons removed by immigration enforcement began decreasing after 2000 while returns have increased (people who leave the country voluntarily). Removals are conducted based on an official order of removal and returns are not.

Marijuana drug seizures by US border patrol have decreased, from 2.8M pounds in 2012 to 1.2M pounds in 2017. Of note, marijuana production was legalized in some US states beginning in 2014 (Fig. 64). Seizures of cocaine and methamphetamine increased from 2012-2014, while heroin seizures remained steady. Fentanyl has only been reported since 2016 but seizures increased almost three times from 2016 to 2017 (from 440 to 1,133 pounds in one year).

**Tourism and immigration**
In 2016, the US issued 10.4 million non-immigrant visas, 1.2 million immigrant visas (also known as a green cards) for permanent residence, and 105,000 visas for refugees and asylum-seekers. 8% of nonimmigrant visas were issued to students and 13% were issued to workers for jobs in the US. 750,000 foreigners living in the US became naturalized citizens, out of nearly one million applicants. The population of foreign-born individuals living in the US, including temporary workers, students, green card holders, naturalized citizens, and undocumented immigrants, has increased from 11% of the US population in 2000 to 14% in 2016. They have a higher labor force participation and employment rate (63% in 2016) than native-born individuals (59% in 2016), work in more manual-labor fields (e.g., service, agriculture) and have lower earnings (60% earned less than $50K in 2016) compared to native-born individuals (51% earned less than $50K in 2016).
In 2015, government spent $1.3 trillion, 23% of total government spending, to "promote the general welfare."

Responsibility for this mission is split between federal, state and local governments.

This mission includes:

- **Economy and infrastructure**: Government enacts economic policy and spends to stimulate the economy and encourage economic growth, business growth, investment, trade, and employment.

- **Standard of living and aid to the disadvantaged**: Government sets tax policy and supplements income for disadvantaged individuals including the poor, disabled, and unemployed to guarantee a minimum standard of living for all Americans.

- **Health (excluding Medicaid/Medicare)**: Government incentivizes healthy behaviors, maintains public health, and regulates the healthcare industry through its bargaining power as a major health insurance provider.

- **Government-run businesses**: Government operates businesses such as the post office, transit systems, utilities, hospitals, and lotteries, among others, that provide needed services and sometimes compete with the private sector.

---

**Figure 65**

Spending by mission, 1980 to 2015

Charts adjusted to 2016 dollars for comparison

<table>
<thead>
<tr>
<th>Mission</th>
<th>1980</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy and infrastructure</td>
<td>4.2%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Standard of living and aid to the disadvantaged</td>
<td>16.6%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Health</td>
<td>2.6%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Government-run businesses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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*Note: Government-run businesses are not included in this chart as they are financially distributed across reporting units

More detail
Promote the general welfare | Economy and infrastructure

4.2% of total government spending
Our economy has grown at a steady rate despite changes in economic policy.
Government increased spending, cut taxes, and lowered interest rates to stimulate the economy during the recession.

Our economy experienced a recession beginning in December 2007 that peaked in the fall of 2008 as major financial institutions were on the brink of collapse. The government used the tools it has available to stimulate the economy: It increased government spending, changed tax and transfer policy, and leveraged monetary policy.

**Government spending**
Government can stimulate the economy by increasing spending to return money to American citizens and businesses. During the recession, the federal budget deficit reached record highs as spending increased and revenue declined. Total federal, state, and local government spending per capita expanded 12.1% in 2009 – the largest annual increase since 1980 (after adjusting for inflation and population change) (Fig. 68). Payments to non-government employees for goods and services increased 50.7% between 2007 and 2009, from $2,517 to $3,792 per capita after adjusting for inflation. Government capital expenditures increased 11.5%, from $1,795 per person in 2007 to $2,001 in 2009 (Fig. 69). Both fell post-recession.

**Tax and transfer policy**
Lowering tax burdens and increasing transfer payments incentivizes growth by giving consumers and businesses greater access to money they can spend. The government did both during the recession. From 2008 to 2010, government transfers to individuals per capita increased by 19.4% compared to a 2.6% average annual increase between 1980 and 2015 (Fig. 69). Government also collected less tax revenue per person during the recession, in part from fewer people working and lower wages, but also from tax policy that decreased taxes owed by Americans.

**Monetary policy**
The government can lower interest rates to incentivize borrowing and business growth. In 2009, interest rates fell to nearly 0% where they stayed until 2015 (Fig. 70). Since then, interest rates have slowly risen, reaching 1% again in 2017.

### Government activities affecting the economy

**Figure 68**
**Government finances, per capita**
In 2016 dollars: combined federal, state, and local governments

- Total debt $50,047
- US population (2017) 325.7M
- Spending $17,794
- Tax revenue $14,790
- Annual deficit -$1,522

**Figure 69**
**Government transfer payments, payments for goods and services, and capital investment**
Per capita, in 2016 dollars; combined federal, state, and local governments

- Total debt $50,047
- US population (2017) 325.7M
- Spending $17,794
- Tax revenue $14,790
- Annual deficit -$1,522

**Figure 70**
**Federal funds rate and corporate tax rate**


More detail
The economy recovered post-recession, and GDP, household income, and private investment all returned to steady growth.

Gross domestic product fell in 2009, but since then has resumed rising, increasing an average of 2.2% per year, near the average annual growth rate since 1980 of 2.7%. In 2017, GDP reached $19.4 trillion, an increase of 2.3% from 2016 in real terms. The major industries driving GDP growth between 2015 and 2016 (the most recent year industry data is available) are real estate (making up 24.1% of the change), professional and business services (13.8%), health care and social assistance (12.4%), government (11.0%), and construction (10.4%). After falling between 2006 and 2010, private investment has increased each year since the end of the recession when interest rates fell to zero. Private investment per capita continues to rise despite government starting to increase interest rates. In 2017, private fixed investment reached $3.2 trillion or $9,610 per person, an increase of 2.8% per person since 2016 and 35.5% since 1980 after adjusting for inflation (Fig. 71).

Other economic indicators have continued to improve as well. Stock markets are climbing at fast rates, with all three major US stock indices finishing 2017 higher than any year in the past (Fig. 72). The official poverty rate fell to 12.7% in 2016, decreasing for a second year in a row. The inflation rate remained near 2% in 2017 (Fig. 74). Total employment increased to 0.692 jobs per working-age person in 2016 (Fig. 73), up from 0.622 in 1980 and 0.642 in 2010 during the recession. Since 1980, the economy added 53.8 million jobs while the working-age population increased by 63.1 million people.
The US has run a trade deficit since 1992.

The government influences the economy through trade policy that incentivizes (or disincentivizes) the movement of goods, services, and ultimately money between the United States and foreign countries. One example is tariffs – taxes on certain foreign products that disincentivize imports – of which the US took in $35B in 2015. Imports cause money to flow out of the US through the purchase of goods or services from abroad or from foreigners receiving income from American entities. Exports cause money to flow into the US through the sale of goods and services to foreigners and income received by Americans from entities based in other countries. Americans can also borrow from foreign countries by selling financial assets such as stocks in American companies. A deficit in this “capital flow” leaves the US in debt to other countries.

The US typically imports more than it exports, and since 1982, there has been a trade balance deficit every year except 1991 (Fig. 75). Foreigners have bought more financial assets located in the US than Americans bought in foreign countries every year since 1982 (Fig. 76).

Income, capital goods (used by businesses to create products), industrial supplies and materials, and consumer goods are in our top five categories of both imports and exports. Travel (money flowing into a country from goods and services acquired by non-residents while visiting) makes up 6% of our exports, but is not in our top five imports. Automotive vehicles and parts are 9% of imports, but are not in our top five exports. Food, another major trade category, makes up 4% of both imports and exports.

The US has its largest trade deficit with China, to which we export $206B in goods, services, and income while importing $564B (Fig. 77). 42% of our imports from China are consumer goods and 34% are capital goods. Our immediate neighbors, Mexico and Canada, are the two countries to which we export the most. Our largest two exports to both countries are industrial supplies and capital goods. Automotive vehicles and parts are our largest import from Mexico ($116 billion) and have grown by 112% since 2003 after adjusting for inflation.
Infrastructure can impact productivity: Workers in urban areas spend 42 hours in traffic each year.

Workers in our biggest cities lose a work week of productivity each year stuck in traffic delays. In our most densely populated labor markets, commutes are becoming more difficult as traffic congestion overwhelms our transportation infrastructure (Fig. 79). This increased steadily from 1990 until the recession in 2008 when it backed off a bit, but now continues to rise more slowly.

The majority of workers continue to drive single-occupancy vehicles as their primary mode of transportation to get to work, holding steady at 76% of commuters in 1989 and 2016 (Fig. 80). Drivers who carpool to work have steadily decreased from 12% of all commuters in 1989 to 9% in 2016. Conversely, working from home has roughly doubled over the same period, rising to 5% of workers in 2016. Workers taking transit, walking, or cycling represent 9% of the primary ways of commuting to work.

Road quality is mixed – freeways and expressways are generally improving overall while both principal and minor arterials (major city roads and neighborhood roads) are not (Fig. 81).

There are approximately 614,000 bridges in the US, an increase from about 572,000 in 1990, and the safety of those bridges has improved overall since 1990 (Fig. 82). The percentages of structurally deficient or functionally obsolete bridges has decreased.

Figure 79
Delay per commuter (days) by size of urban area

Figure 80
Commuting, by mode

Figure 81
Unsatisfactory roadways

Figure 82
Unsatisfactory highway bridges

More detail
Jobs have grown by 59% since 1980, faster than the working-age population, which has grown 43%.
Wages are increasing, but long-term gains are greatest for higher paying jobs.

From 2008 to 2010, as the country fell into recession, total employment fell from 137.2 million jobs to 130.4 million jobs, a loss of nearly 6.9 million jobs or 0.044 jobs per working-age person (16-64). Since 2010, jobs have steadily returned, increasing each year to 146.6 million in 2017 (or 0.692 for every working-age person).

The number of minimum wage jobs more than doubled between 2008 and 2010. Each year since 2010, the number of minimum wage workers has decreased, reaching 2.15 million in 2016, lower than the number of minimum wage workers in 2008 before the recession. The federal minimum wage has remained at $7.25 since 2009, although 29 states and the District of Columbia have higher minimum wages.

The median annual wage across all occupations decreased between 2010 and 2014 but then reversed course, increasing two years in a row to reach $37,040 in 2016 (Fig. 84). The overall increase in median wage was driven by increases in wages in the three lowest-earning occupations (Fig. 85). Between 2014 and 2016 (after adjusting for inflation), wages grew in farming, fishing, and forestry by 14.5%, food preparation and serving by 7.3%, and personal care and services by 5.4%.

![Figure 84](image1)

**Which jobs pay the most and the least?**

Median annual wages, by category (Adjusted in 2016 dollars)

![Figure 85](image2)

**Percent of all occupations, by category (2016)**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office and administrative support</td>
<td>15.7</td>
</tr>
<tr>
<td>Sales and related</td>
<td>10.4</td>
</tr>
<tr>
<td>Retail salespersons</td>
<td>3.2</td>
</tr>
<tr>
<td>Cashiers</td>
<td>2.5</td>
</tr>
<tr>
<td>Food preparation and serving related</td>
<td>9.2</td>
</tr>
<tr>
<td>Transportation and material moving</td>
<td>6.9</td>
</tr>
<tr>
<td>Production</td>
<td>6.5</td>
</tr>
<tr>
<td>Education, training, and library</td>
<td>6.2</td>
</tr>
<tr>
<td>Healthcare practitioners and technical</td>
<td>5.9</td>
</tr>
<tr>
<td>Business and financial operations</td>
<td>5.2</td>
</tr>
<tr>
<td>Management</td>
<td>5.1</td>
</tr>
<tr>
<td>Installation, maintenance, and repair</td>
<td>4.0</td>
</tr>
<tr>
<td>Personal care and service</td>
<td>3.9</td>
</tr>
<tr>
<td>Building and grounds cleaning and maintenance</td>
<td>3.2</td>
</tr>
<tr>
<td>Computer and mathematical</td>
<td>3.0</td>
</tr>
<tr>
<td>Healthcare support</td>
<td>2.9</td>
</tr>
<tr>
<td>Protective service</td>
<td>2.4</td>
</tr>
<tr>
<td>Architecture and engineering</td>
<td>1.8</td>
</tr>
<tr>
<td>Community and social service</td>
<td>1.4</td>
</tr>
<tr>
<td>Arts, design, entertainment, sports, and media</td>
<td>1.4</td>
</tr>
<tr>
<td>Life, physical, and social science</td>
<td>0.8</td>
</tr>
<tr>
<td>Legal</td>
<td>0.8</td>
</tr>
<tr>
<td>Farming, fishing, and forestry</td>
<td>0.3</td>
</tr>
</tbody>
</table>
Single parents have the least to spend per person, even after government payments to individuals and subsidies.

Do you know...
Throughout this report, we compare families by dividing them up into five equal groups based on their market income (wages and salaries, investment earnings, and retirement income excluding Social Security). However, the amount of money a family takes in each year comes from more sources than just wages and salaries. USAFacts also references “total income” which includes money people receive from the government (anything from Social Security to food stamps).
Compare average family incomes and taxes from 2000 to 2016.

Figure 87
Average total family income and government support, by group
(Includes all forms of income as shown on previous page, such as market income and government payments and subsidies)

For the poorest Americans in the bottom 20%, 91% of their income comes from government payments & subsidies.

The amount of income a family needs in order to be in the middle 20% is less in 2016 than it was in 2000.

The top 1% earns 17.1% of all income, and pays 24.2% of all taxes.

Average total family taxes paid, by group
(Includes all forms of taxes, such as income taxes and indirect taxes like sales tax)

What percent of total income in the US does each bracket earn?

What percent of total taxes in the US does each bracket pay?

*Note: values shown are average per quintile or family type. 2000 data shown in 2016 dollars.

More detail
Figure 88
Average spendable income, by income group

- **2000**
  - Top 20% ($116k+)
    - $214,403
  - Fourth 20% ($63k-$116k)
    - $73,633
  - Middle 20% ($33k-$63k)
    - $51,978
  - Second 20% ($9k-$33k)
    - $33,434
  - Bottom 20% ($0-$9k)
    - $18,420

- **2016**
  - Top 20% ($116k+)
    - $220,728
  - Fourth 20% ($63k-$116k)
    - $81,031
  - Middle 20% ($33k-$63k)
    - $56,572
  - Second 20% ($9k-$33k)
    - $41,119
  - Bottom 20% ($0-$9k)
    - $23,652

**Do you know...**

Spendable income in Fig. 88 shows the amount of money that families have available to spend each year. It is calculated from the sum of market income (from wages and salaries, investment earnings, and retirement programs) and government transfers and subsidies (e.g., Social Security, unemployment, food stamps, Medicare, Medicaid, others) minus income, payroll, estate and property taxes paid by each family.
...leading to uneven spending and differing standards of living among Americans.

Compare, for instance, basic necessities of everyday life such as food and housing. The middle class lives on $22 a day for food and pays an average of $1,006 per month in rent. The bottom 20% lives on $14 a day for food, and pays an average rent of $470 per month. Meanwhile, the top 20% spends $44 a day on food and has an average monthly rent of $2,301.

People also typically spend outside their means, with all income groups except the top 20% spending more than their income. This could be due to the fact that consumption levels come from a survey, making it possible for people to overestimate their spending. It is also possible, however, that people are incurring debt or making additional unreported income to maintain their desired standard of living.

**Figure 89**
Average annual consumption by category, per tax filing entity (2016)

<table>
<thead>
<tr>
<th>Category</th>
<th>Bottom 20% ($0k-$9k)</th>
<th>Second 20% ($9k-$33k)</th>
<th>Middle 20% ($33k-$63k)</th>
<th>Fourth 20% ($63k-$116k)</th>
<th>Top 20% ($116k+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>$14,498</td>
<td>$15,927</td>
<td>$17,907</td>
<td>$21,540</td>
<td>$27,986</td>
</tr>
<tr>
<td>Housing</td>
<td>$5,643</td>
<td>$8,638</td>
<td>$12,075</td>
<td>$16,491</td>
<td>$27,606</td>
</tr>
<tr>
<td>Food</td>
<td>$5,120</td>
<td>$6,114</td>
<td>$7,972</td>
<td>$10,853</td>
<td>$16,153</td>
</tr>
<tr>
<td>Transportation</td>
<td>$3,268</td>
<td>$4,668</td>
<td>$6,767</td>
<td>$9,449</td>
<td>$15,080</td>
</tr>
<tr>
<td>Recreation</td>
<td>$2,169</td>
<td>$2,931</td>
<td>$4,055</td>
<td>$5,882</td>
<td>$11,292</td>
</tr>
<tr>
<td>Technology</td>
<td>$2,266</td>
<td>$2,954</td>
<td>$3,726</td>
<td>$4,791</td>
<td>$7,681</td>
</tr>
<tr>
<td>Clothing</td>
<td>$1,355</td>
<td>$1,532</td>
<td>$2,181</td>
<td>$2,912</td>
<td>$5,703</td>
</tr>
<tr>
<td>Education</td>
<td>$1,622</td>
<td>$1,259</td>
<td>$1,403</td>
<td>$2,045</td>
<td>$3,232</td>
</tr>
<tr>
<td>Financial Services</td>
<td>$542</td>
<td>$574</td>
<td>$857</td>
<td>$7,273</td>
<td></td>
</tr>
<tr>
<td>Alcohol</td>
<td>$642</td>
<td>$786</td>
<td>$1,236</td>
<td>$1,868</td>
<td>$3,012</td>
</tr>
<tr>
<td>Foreign Travel</td>
<td>$645</td>
<td>$427</td>
<td>$1,072</td>
<td>$3,089</td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td>$660</td>
<td>$714</td>
<td>$838</td>
<td>$827</td>
<td>$527</td>
</tr>
<tr>
<td>Other*</td>
<td>$5,097</td>
<td>$6,467</td>
<td>$7,781</td>
<td>$9,774</td>
<td>$20,227</td>
</tr>
</tbody>
</table>

*The figures in the consumption chart should be used with caution. These consumption by category figures were prepared by allocating BBA personal consumption totals to families and individuals using household income. Income estimates for high-income consumers’ consumption are difficult to perform, it is possible that real reach or total errors of the BBA total amounts were attributable to high-income families and individuals. Furthermore, some of the consumption data (last set of all) is limited to families and individuals in our microdata files using Consumer Expenditures Survey data, which has a weaker track record in terms of reliability.

More detail
35.6% of single mothers are in poverty, an improvement since 1980.

The official definition of poverty in the US is household income below $24,858 for a family of four with two children. The official poverty rate – the percentage of individuals in a category that fall below the income threshold – is used to allocate dollars from many government anti-poverty programs. In 2016, there were 40.6 million Americans living in poverty, as the official poverty rate fell for the second year in a row to 12.7% (Fig. 90).

18.0% of children under 18 are living in poverty, the highest among all age groups. From 2015 to 2016, poverty decreased for every age group except seniors 65 and older, for whom the poverty rate increased from 8.8% to 9.3%.

By region, poverty rates are not that different across the US, but slightly higher in the South and West and lower in the Northeast and Midwest. In 2016, poverty decreased in every region except the Midwest where it held steady.

Poverty rates differ across race and ethnicity groups. 22% of black people are in poverty, compared to 19.4% Hispanic and 8.8% of non-Hispanic whites.

Across family types, poverty rate is highest among single mothers at 35.6%, compared to 17.3% for single fathers and 10.5% for single people without kids (Fig. 91).

Do you know...

the Official Poverty Measure (OPM) is based on the cost of a minimum food diet multiplied by three to account for a family’s expenses? It does not vary by geography and excludes some government benefits. A new Supplemental Poverty Measure was introduced in 2009 that takes into account more types of income, other spending, and geographic location, however, the OPM is still used to allocate program funding.
Since 1980, Medicaid enrollment has quadrupled, and spending per recipient has doubled.

Although poverty rates have decreased in recent years, not all programs meant to help people in poverty have fallen accordingly. The number of Medicaid recipients continues to increase, especially in light of the Affordable Care Act which expanded access to the insurance program in many states to individuals who make under 138% of the federal poverty level. Medicaid enrollment in 2016 increased by 2.2 million people, even though the number of people in poverty decreased by 2.5 million (Fig. 92). However, spending per enrollee has not increased, even though health expenditures overall are increasing.

The number of food stamp (Supplemental Nutrition Assistance Program, or SNAP) recipients spiked during the recession and has not yet decreased to pre-recession levels (Fig. 93). Between 2007 and 2013, the total number of SNAP recipients increased by 81% to 47.6 million people. Although the recession has ended, the number of individuals receiving SNAP decreased by only 11.7% between 2013 and 2017.

The number of Temporary Aid for Needy Families (TANF) recipients continues to decline since the inception of the program in 1996 (Fig. 94). The decline of TANF has been accompanied by a significant expansion of the Earned-Income Tax Credit, which now covers more than 28 million tax filers compared to 3.9 million TANF recipients.

Two key programs aimed at helping the disabled – Disability Insurance and Supplemental Security Income (additional disability aid for individuals with limited income and resources) – have expanded, with recipients decreasing each year between 2014 and 2016 after outpacing population growth every year between 2002 and 2013 (Fig. 95).
Healthcare costs per capita have risen over 225% since 1980.
Two thirds of the US population is overweight or obese.

Obesity, binge drinking, diabetes, and mental illness each affect significant portions of the population (Fig. 97). Obesity rates have risen from 20.1% in 2000 to over 30% today. Illicit drug use is most prevalent in young adults ages 18 to 25. 76.7% of Americans report they exercise at least once per month (up from 73.1% in 2000). 17.3% of adults say they are affected by depression.

Average life expectancy in 2015 is 78.8 years, declining year over year for only the second time since 1980 (Fig. 98). Although this decline was true for most demographic groups, life expectancy did not decline among Hispanics and African American women.

In 2016 there were 3.9 million births and 2.7 million deaths. The birth rate has decreased since 1980. The average age of death in 2016 was 72.9 years of age, up from 72.3 years in 1999.

Circulatory diseases, including heart disease, remain the top cause of death in the US at 841K in 2016, down from 993K in 1980 (Fig. 99). Deaths from childbirth and related complications are the only other category that has decreased since 1980; every other category has increased.
44% of healthcare spending is covered by major government programs, up from 32% in 1980.

The government is the largest health insurance provider in the nation, while private health insurers cover 36% of healthcare spending (Fig. 100). Out of pocket spending (on goods and services not covered by insurance, including co-insurance & deductibles) makes up only 11% of healthcare spending in 2016 compared to 25% in 1980; however, health spending as a percent of household income continues to rise (Fig. 102).

Personal health spending (medical treatment for individuals) increased from $632 billion in 1980 to $2.8 trillion in 2016, after adjusting for inflation. Nearly 75% of this change was driven by increases in spending on hospitals, physician and clinic visits, and prescription drugs (Fig. 101). Spending on hospitals are 38% of total personal health expenditures (up 270% since 1980), physicians offices and clinics account for 23% (up 378% since 1980), and prescription drugs account for 12% (up 836% since 1980).

Hospital outpatient stays per capita have increased since 2000 by 36%, much faster than visits to emergency rooms (up 14%), physicians offices (up 8%), and hospital inpatient stays (down 5%). Despite the fact that there are fewer inpatient stays per person, and that the average length of stay has fallen from 5.6 to 4.6 days, the cost of stay has increased 35% after adjusting for inflation.

**Figure 100**

**Healthcare payment funding sources**

In 2016 dollars

<table>
<thead>
<tr>
<th>Program</th>
<th>1980</th>
<th>2016</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private health insurance</td>
<td>$202B</td>
<td>$1.1T</td>
<td></td>
</tr>
<tr>
<td>Medicare</td>
<td>$109B</td>
<td>$672B</td>
<td></td>
</tr>
<tr>
<td>Medicaid (Title XIX)</td>
<td>$76B</td>
<td>$566B</td>
<td></td>
</tr>
<tr>
<td>CHIP (Title XIX and Title XXI)</td>
<td>$17B</td>
<td>$353B</td>
<td></td>
</tr>
<tr>
<td>Department of Defense</td>
<td>$11B</td>
<td>$169B</td>
<td></td>
</tr>
<tr>
<td>Department of Veterans Affairs</td>
<td>$17B</td>
<td>$83B</td>
<td></td>
</tr>
<tr>
<td>Out of pocket</td>
<td>$67B</td>
<td>$258B</td>
<td></td>
</tr>
<tr>
<td>Other third party payers &amp; programs*</td>
<td>$11B</td>
<td>$41B</td>
<td></td>
</tr>
</tbody>
</table>

*Includes worksite healthcare, workers compensation, and other government programs such as Indian Health Services, the Substance Abuse and Mental Health Services Administration, maternal and child health programs, and school health, among others.

**Figure 101**

**National healthcare spending, by category**

In 2016 dollars, does not include spending on public health, research and development, or structures and equipment

<table>
<thead>
<tr>
<th>Category</th>
<th>1980</th>
<th>2016</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>$293B</td>
<td>$1.1T</td>
<td></td>
</tr>
<tr>
<td>Physician and clinics</td>
<td>$139B</td>
<td>$665B</td>
<td></td>
</tr>
<tr>
<td>Dental</td>
<td>$39B</td>
<td>$124B</td>
<td></td>
</tr>
<tr>
<td>Other professional services</td>
<td>$10B</td>
<td>$92B</td>
<td></td>
</tr>
<tr>
<td>Home health care</td>
<td>$7B</td>
<td>$92B</td>
<td></td>
</tr>
<tr>
<td>Other non-durable medical products</td>
<td>$29B</td>
<td>$62B</td>
<td></td>
</tr>
<tr>
<td>Prescription drugs</td>
<td>$35B</td>
<td>$329B</td>
<td></td>
</tr>
<tr>
<td>Durable medical equipment</td>
<td>$12B</td>
<td>$51B</td>
<td></td>
</tr>
<tr>
<td>Nursing care facilities and continuing</td>
<td>$44B</td>
<td>$163B</td>
<td></td>
</tr>
<tr>
<td>retirement community care and services</td>
<td>$24B</td>
<td>$173B</td>
<td></td>
</tr>
<tr>
<td>Other expenditures (residential and personal care)</td>
<td>$35B</td>
<td>$264B</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 102**

**National healthcare spending**

In 2016 dollars

- Household health spending as a % of total household spending: 24.5%
- Total healthcare spending as a % of GDP: 16.6%
- Total administration and total net cost of health insurance spending: 8.0%
Since 2010, the percent of people who are uninsured has fallen from 16.3% to 8.8%.

Government policy affects the way we get health insurance. Medicaid covers 19.4% of all individuals, up from 15.7% in 2009 (Fig. 103). Government provides Medicare coverage for nearly all individuals over 65 years old, most of whom automatically qualify for hospital insurance (Part A). Medicare coverage for physician and outpatient services (Part B) and prescription drugs (Part D) requires enrollment and payment of a monthly premium.

In 2009, 9.6% of the population purchased their own insurance. In 2016, 16.2% of all individuals purchased their own insurance after the Affordable Care Act created health exchanges where individuals can buy health insurance directly and mandated that everyone must have insurance coverage or pay a fine. 67.5% of people have private health insurance, including 55.7% of individuals who are covered by their employers.

For married families with or without children, coverage is most likely employer-provided (Fig. 104). Persons age 65 and older receive the majority of coverage from Medicare. Single parents receive the most benefits from Medicaid or CHIP, and also are the most likely to be uninsured.

**Figure 103**

Insurance coverage by type*

<table>
<thead>
<tr>
<th>Coverage type</th>
<th>Uninsured</th>
<th>Military health care</th>
<th>Medicare</th>
<th>Medicaid</th>
<th>Direct purchase</th>
<th>Employer-provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>12.9%</td>
<td>4.4%</td>
<td>12.6%</td>
<td>8.4%</td>
<td>62.1%</td>
<td>12.0% (1994)**</td>
</tr>
<tr>
<td>2016</td>
<td>8.8%</td>
<td>4.6%</td>
<td>16.7%</td>
<td>19.4%</td>
<td>16.2%</td>
<td>55.7%</td>
</tr>
</tbody>
</table>

*Percentages add up to more than 100 because some people have multiple coverage types.
**Change to 1994 CPS survey resulted in additional data collection on insurance coverage.

**Figure 104**

Healthcare coverage by income level and family type (2016)
The government runs subsidized enterprises targeted at providing services to the public.

Government operates businesses to provide services for everyday life that otherwise may not exist, including utilities, public hospitals, airports, port facilities, waste management, and transit systems. These businesses are heavily subsidized by the government and sometimes run at losses.

Since 1980, federal government-run businesses in aggregate have operated at a net deficit, although this amount has fluctuated over the years due to the performance of individual “businesses” (Fig. 105). In the most recent years since 2014, the top performing businesses were the Federal Deposit Insurance Corporation, US Postal Service, and the Export-Import Bank. The government does not own Fannie Mae and Freddie Mac, but after placing them into conservatorship (government financial backing and oversight) during the mortgage crisis, the government has made a profit from the two organizations since 2012.

State and local government also operates businesses (Fig. 106). Since 1980, transit systems have grown in cost and in impact to government run businesses’ bottom line. This category is the largest compared to the others. Conversely, lotteries turn a profit for state and local governments, and have increased steadily since 1980. Another area of note are public hospitals which dipped in performance from 2008 to 2014 and have been rising since.

Figure 105
Federal:
Government-run businesses net profit (loss) in billions of 2016 dollars

Figure 106
State & local:
Government-run businesses net profit (loss) in billions of 2016 dollars
In 2015, the government spent $3.0 trillion, 53% of total government spending, to "secure the blessings of liberty to ourselves and our posterity."

This mission is shared by the federal government which is responsible for savings programs such as Social Security and Medicare, and state and local governments that are responsible for the education system.

This mission includes:

- **Education**: Government invests in human capital by running public K-12 and post-secondary educational institutions and providing financial aid to students.

- **Wealth and savings**: Government promotes investment in financial capital for individuals by mandating savings through Social Security and Medicare; it accumulates debt at the expense of future generations.

- **Sustainability and self-sufficiency**: Government protects the environment for the future; it sets policies for agricultural production and extraction of natural resources so we can be self-sufficient in case of international conflict.

- **The American Dream**: Government provides key tenets promised by our nation – democracy, economic mobility, and equal opportunity for its citizens.

**Figure 107**

Spending by mission, 1980 to 2015

Charts adjusted to 2016 dollars for comparison.

**Figure 108**

Percent of total government spending in 2015 (and percent of spending in 1980)

In 2016 dollars. Bar lengths represent total government spending and are drawn to scale.
66% of 8th graders are not proficient in math; 64% are not proficient in reading.

Government plays a significant role in educating Americans by operating the public K-12 school system through local school districts and setting education standards. Reading proficiency has remained stable since 1998 (Fig. 112). Currently, only about one-third of students test at a proficient level for reading. Math proficiency has increased since 1998. Math proficiency falls for older students: 40% of 4th grade students were proficient in math in 2017 compared to 34% of 8th grade students.

In 2015, the most recent year of data available, there were 55,635,000 K-12 students and 3,568,000 school teachers (Fig. 109). 90% of all K-12 students in the US attended public schools – 50,313,000 students attended public schools in 2015 while 5,751,000 K-12 students attended private school in 2016 (enrollment in private schools not available for 2015). Charter school enrollment has increased eight times since 2000, from 340,000 charter school students to 2,845,322 in 2016. The percentage of young children (ages 3-4) attending pre-primary programs has increased, from 37% in 1980 to 54% in 2016 (Fig. 111).

A higher percentage of students are graduating from high school; the rate has increased from 71% in 1980 to 82% in 2013 (Fig. 110). Over the same period, the dropout rate (people age 16-24 who are not enrolled in school and who have not completed high school or received a GED) has declined by more than 50%.
The average annual cost of higher education has increased over 160% since 1980.

The cost of higher education has been increasing since 1980, after accounting for inflation (Fig. 115). The average annual cost (tuition, fees, room, and board) across all institutions in 1980 was $8,780; in 2017 it was $23,091. In 2017, the annual cost for a four-year institution was $26,593, more than twice the $10,598 cost of attending a two-year institution.

Financial aid provided by institutions and federal, state, and local governments has also been increasing (Fig. 116). The total number of recipients of Pell Grants (a federal grant for undergraduate students with financial need) spiked during the recession, with a high of 9.4 million students, and decreased to 7.7 million in 2016, although this is still higher than pre-recession levels.

Despite rising costs, college enrollment rates have risen from 49.3% in 1980 to 69.8% in 2016 (Fig. 110). College enrollment rate is defined as individuals age 16-24 who enroll in college in the same calendar year they graduate from high school or complete a GED. College graduation rates have remained relatively constant since 2008, at 57-60% for four-year institutions and 28-30% for two-year institutions.

The spread of degree types awarded to bachelor’s students has stayed fairly consistent from 1981 to 2015. The one notable exception is education majors, which have declined from 12% of degrees awarded to 5% (Fig. 114). Despite the technology boom, the percentage of students majoring in computer science and engineering fell from 1981 to 2015.
Wealth for the top 20% is growing faster than it is for the rest of the population.

Wealth is not distributed evenly among families, as the average family in the top 20% of income earners has assets totaling $2.91 million, nearly 27 times greater than assets of an average family in the lowest 20%: $109.1K. The biggest differences between families in different income brackets are evident in retirement accounts, where families in the top 20% have 76 times the assets of the bottom 20%, and in stocks and pooled investments, where families in the top 20% have 87 times the assets of the bottom 20% (Fig. 119).

Family debt is primarily in residences (78.8% of average family’s debt) and education (8.1% of average debt) (Fig. 120). Lower income families have more debt concentrated in education (23.3% of debt for bottom 20%) compared to higher income families (3.9% of debt for the top 20%).

From 1989 to 2007, all income groups experienced growth in assets until they fell during the recession before returning to growth in the years since. Growth has been most significant for the lowest and highest earners, with the middle class experiencing slower growth. The lowest earning 20% and highest earning 20% of families experienced a 107% and 124% increase in assets between 1989 and 2016 (when adjusted for inflation), while the middle 20% saw their assets grow only 17% over the same period (Fig. 117). During this time, debt for the middle 20% increased 4.9 times faster than assets compared to 2.9 times faster for the lowest 20% (Fig. 118). For the top 20%, assets increased faster than debt.
Half of the income of elderly families in the middle 20% comes from the government.

Government programs play a large role in the well-being of the elderly (65+) population in the United States. Among the elderly, Social Security accounts for 25.7% of all income for the middle 20% and 35.5% of all income for the bottom 20%, but only 6.1% of income for the top 20% (Fig. 121). Medicare, which is not paid directly to individuals but is rather paid on their behalf to healthcare providers, makes up 19.0% of income for the middle 20%, 41.6% of income for the bottom 20%, but only 4.0% of income for the top 20%. The middle 20% receives about one-fourth of their income from retirement plans, although annual income from retirement plans for the top 20% ($61,332) is more than twice the income from retirement plans received by the middle 20% ($22,851).

Even though they are over 65, the top 20% continues to receive significant income from wages. The top 20% earns $186,589 in wages, salaries, and self-employment, 12 times more than the middle 20%. They also earn $104,686 in investment income (capital gains, dividends, interest etc.), more than 14 times the investment income received by the middle 20%.

With significant income from Social Security and greater earnings from retirement plans, the poverty rate among the elderly is 9.3%, lower than the poverty rate among the general population (Fig. 123).
Government debt held by the public has increased to nearly 88% of GDP.

Figure 123.1
Total government debt held by public as % of GDP
(Adjusted for inflation, in 2016 dollars)
Social Security & Medicare benefits per beneficiary have grown significantly since 1980.

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 through retirement or disability (retirement, discussed here, see page 55 for disability). Social Security provided income for 51 million Americans in 2017. Medicare is our country’s health insurance program for people age 65 and older, which helps with the cost of healthcare, but does not cover most long-term care and requires premiums to cover services such as physicians visits and prescription drugs. In 2016, Medicare provided benefits to 57 million Americans.

Since 1980, the number of people over 65 in the US has almost doubled, however Social Security and Medicare spending combined increased faster than the elderly population, rising 267% from 1980 to 2017 after adjusting for inflation. Social Security spending per beneficiary increased 145% between 1980 and 2017 (Fig. 124), while Medicare spending per beneficiary increased 327%, driven higher by increasing non-hospital costs per beneficiary (Part B) and the introduction of Part D in 2006 that covers prescription drugs (Fig. 125).

In 2017, Social Security and Medicare spending reached $1.48 trillion while income for the programs was $1.51 trillion (Fig. 126, 127). The managers of funds for the two programs predict that funding for the hospital-portion of Medicare will be depleted as early as 2029 and funding for Social Security will be depleted by 2035.

Figure 124
Average monthly Social Security benefit per beneficiary in 2016 dollars

- Retired workers and dependents $1,330
- Survivors $1,128

Average monthly benefit $1,306

Figure 125
Average annual Medicare costs, per beneficiary in 2016 dollars

- Average cost per beneficiary $12,795
- Part A $5,743
- Part B $4,971
- Part D $2,082

Figure 126
Social Security funding in 2016 dollars

- Social Security (OASI) cash income $805.4B
- Social Security (OASI) cash outgo $291.1B

Figure 127
Medicare funding in 2016 dollars

- Medicare cash income $703.5B
- Medicare cash outgo $103.9B

More detail
Emissions decline amid energy portfolio shift: coal consumption shrinks and natural gas grows.

The US consumes 25% more energy since 1980 at 97.6 quadrillion BTUs in 2016. But Americans as individuals are using less energy than they were in 1980, dropping from 344 million BTUs per capita to 302 million BTUs per capita in 2016.

Energy consumption from renewable energy and nuclear sources increased since 1990 from 12.14 quadrillion BTUs to 18.71 quadrillion BTUs in 2016. As a share of energy consumption, these sources have risen from 14% in 1990 to 19% of our total portfolio today. The remainder of our portfolio is sourced from fossil fuels, a primary driver of US emissions. We derive the same amount of energy from fossil fuels as we did two decades ago, roughly 79 quadrillion BTUs (Fig. 128). Coal consumption dropped 39% from the peak in 2005 falling to 14.23 quadrillion BTUs.

Conversely, natural gas grew over the same period by 20% rising to 28.45 quadrillion BTUs. Petroleum consumption fell post-recession but has since increased to 36.02 quadrillion BTUs.

Carbon emissions fell over the last decade, largely driven by a shift in our fossil fuel energy consumption (Fig. 129). Coal produces between 214 and 229 pounds of CO2 per million BTUs of energy consumed whereas natural gas produces just 117 pounds. Emissions and consumption tapered off amid the recession but returned after economic recovery.

Fewer entities are subject to penalties for degrading our environment (Fig. 131). Clean Water Act as well as the Clean Air Act violations dropped sharply.
US energy deficit is closing, while long-standing agricultural surplus continues.

How reliant on foreign natural resources is the US? America maintains an energy deficit consuming more than we produce, but the gap is closing (Fig. 132). Energy imports peaked in 2007 at 34.68 quadrillion BTUs. Since 2007, imports have diminished to levels not seen since 1997 at 25.37 quadrillion BTUs. In the past decade, dry natural gas production increased by 45% while liquid natural gas production doubled. Wind and solar were too small to measure in 1980, but now represent 3% of our renewable energy portfolio (Fig. 133).

In agriculture, America remains the bread basket of the world with a net surplus (Fig. 134). In every year since 1960, America has had a surplus in grains and soy, but only since the early 1990s has this been true for meat products. In 2017, 17% of the 479 million metric tons of grains and soy produced were not consumed domestically. Only 12% of the 42 million metric tons in meat products were not domestically consumed. Since 1980, agricultural production has kept pace with economic and population growth, increasing 65% in grains and soy and 78% in meat products.

Production of crude oil declined from 1985 to 2008, and sharply increased from 2011 through 2015 (Fig. 135). Petroleum products constitute most of our energy imports at 21.7 quadrillion BTUs in 2016 or roughly 60% of our petroleum consumption. Production surpassed consumption in 2013, last experienced by the U.S. in 1992. Using current technology, the US was estimated in 2016 to have 284.6 billion barrels of crude oil and produced 3.4 billion barrels in 2017.
The American Dream: “We hold these truths to be self-evident, that all men are created equal.”
A child’s opportunity to “move up” is impacted by their parents’ income and their race.

A defining feature of the “American Dream” is economic mobility: the idea that all children have equal opportunity regardless of the situation in which they were born. In a world where equal opportunity exists, any child born to parents of any income would have an equal chance of moving up. By income quintile (shown below), this would mean that every child would have a 20% chance of ending up in any quintile.

Looking at the bottom quintile alone shows how both income and race can impact a child’s likelihood of moving up. On average, among kids born into the bottom quintile:
- Asian kids have an 83% chance of moving up
- Hispanic kids have a 75% chance of moving up
- White (non-Hispanic) kids have a 71% chance of moving up
- Black (non-Hispanic) kids have a 63% chance of moving up
- American Indian and Alaskan Native kids have a 55% chance of moving up

The chart below (from a study that linked data from the Census Bureau and the IRS) shows differences in economic mobility by race.

Figure 136
A child’s likely income compared to their parents income
(Unequal distributions shown in varying height of bars.)
How different are key life experiences, by race?

**Figure 137**
Arrest rate, by race
Per 100,000 persons

- **Black**
- **White**
- **Asian**
- **American Indian & Alaska Native**

**Figure 138**
Employment, by race
(Percent of working age population)

- **White**
- **Black**
- **Asian**
- **Hispanic**

**Figure 139**
High school dropout rate, by race
(Percent of students aged 16-24 that did not complete high school/GED and are not in school)

- **Hispanic (of any race)**
- **Black**
- **White (non-Hispanic)**

**Figure 140**
Life expectancy, at birth
In years

- **White (including Hispanic)**
- **Black**
- **Hispanic (of any race)**

**Figure 141**
Unmarried mother birth rates
(Percent of births in group to unmarried women ages 15-44)

- **Hispanic**
- **Black (non-Hispanic)**
- **White (non-Hispanic)**
- **Asian (non-Hispanic)**
- **American Indian & Alaska Native (non-Hispanic)**

**Figure 142**
Infant mortality
Per 1000 births

- **Non-Hispanic White**
- **Non-Hispanic Black**
- **American Indian & Alaska Native**
- **Asian or Pacific Islander**
- **Hispanic**

More detail
The more educated you are, the likelier you are to vote.

Civic and electoral participation is fundamental to a functioning democracy. While the US population continues to grow, the percent of the population that is civically engaged has declined since the 1960s. Presidential voting rates have declined from 69.3% in 1964 to 56.0% in 2016 (Fig. 143). Voting rates in midterm elections are generally lower than in presidential years, and demographic trends are generally exaggerated in these elections. Midterm voting rates have dropped from 55.4% in 1966 to 38.5% in 2014.

Older age cohorts tend to have higher voting rates (Fig. 145). For persons 65 years or older, the voting rate in presidential elections is 68.4%. By contrast, the presidential voting rates for the youngest eligible voter ages 18-24 in 2016 was 39.4%.

By educational level, more highly educated persons tend to have higher voting rates (Fig. 146). Those with some college or a college degree have a rate of 60.5%. Nearly half (47.4%) of high school graduates (including those with a GED) vote. Less educated segments of the population have lower voting rates.