

## **The Government Balance Sheet**

*June 6, 2017*

Steve Ballmer, the former Microsoft chief executive and Bill Gates' right-hand man, has embarked on an ambitious new project that could lead to a much better-informed U.S. citizenry. He recently unveiled a comprehensive report that details everything you would want to know about the U.S. government—including its revenue and spending—not just at the federal level, but also for each of the 50 states and 90,000 local cities, towns and municipalities. The information is collected by a group of economists, professors and other professionals who have combed through publicly-available statistics to produce income statements and balance sheets just like a public corporation.

What can you learn from this? You might be surprised to know that the U.S. Federal Reserve is holding roughly \$2.5 trillion in U.S. Treasuries, plus another \$1.8 trillion in mortgage securities, yet has a “net worth” of just \$28 billion. Some will be astonished to learn that the Social Security trust fund had almost \$2.8 trillion in surpluses in fiscal 2014 (the last year for which statistics were available)—and that surplus number has been growing since 1980. In 2014, cash income (\$877 billion) exceeded cash outflow (\$851 billion), but that margin has been falling, and is on track to flip to negative in the next few years. More alarmingly, Medicare's cash outflows (\$606 billion) exceeded income (\$604 billion) in 2014, as it has since 2005.

Ballmer's federal balance sheet shows the total number of federal government employees (4 million), including 2 million related to defense. When you add in state and local employees, the total is 23.3 million employed by the state sector, including 11 million teachers, more than 400,000 involved in parks and recreation, 1.2 million police, 432,000 firefighters, 758,000 prison officials and 495,000 judges and judicial employees. Another 4.7 million work on highways, airports, harbors and other infrastructure enterprises, and public hospitals employ 1.3 million workers.

When interviewed about the project, Ballmer said that he was surprised by the number of government workers, and even more surprised to discover that, in all the rhetoric about cutting government, most of the teachers, military personnel, park rangers etc. are employees whose work most citizens appreciate.

You can go to the website ([http://usafacts.org/resources/USAFacts\\_10-K\\_2017.PDF](http://usafacts.org/resources/USAFacts_10-K_2017.PDF)) and look up arcane government statistics like fatal workplace injuries (4,821 in fiscal 2014), children living in foster care (415,129), and the percentage of Americans who smoke (18%, down from 21% in 2004). Readers might be interested to turn to page 58 of the balance sheet and learn that the combined federal, state and local government's "net worth" in 2014, if you applied business accounting rules, was negative: about \$4.271 trillion in the hole. But this was actually an improvement over 2013 (\$4.3 trillion).

Sources:

<http://money.cnn.com/2017/04/18/technology/ballmer-usafacts/index.html>

[http://usafacts.org/resources/USAFacts\\_10-K\\_2017.PDF](http://usafacts.org/resources/USAFacts_10-K_2017.PDF)