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U.S. INSULAR AREAS

Information on Fiscal Relations With the Federal Government

Statement of Natwar M. Gandhi, Associate Director
Tax Policy and Administration Issues
General Government Division

GAO/T-GGD-95-71

U.S. INSULAR AREAS

SUMMARY OF STATEMENT OF
NATWAR M. GANDHI
ASSOCIATE DIRECTOR, TAX POLICY AND ADMINISTRATION ISSUES
GENERAL GOVERNMENT DIVISION
U.S. GENERAL ACCOUNTING OFFICE

American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands are all insular areas of the United States. And, the U.S. government has various fiscal arrangements with them. In anticipation of congressional considerations of new tax and welfare initiatives, GAO was asked to provide, in relation to these five insular areas or territories, information on (1) income and other tax rules and revenues, (2) current federal expenditures, and (3) the extent to which they receive major federal social programs.

Individuals who are residents of a territory and who earn income only from sources within the territory owe no federal tax on this income. U.S.-source income is treated differently for federal tax purposes, depending on the territory in which the individual resides.

Corporations organized in the territories are generally treated as foreign corporations for U.S. tax purposes and are taxed on their U.S. earnings but not their territorial income. U.S. corporations with subsidiaries in the territories can receive significant tax benefits through the possessions tax credit if certain qualifications are met. The Treasury Department has estimated these benefits to approximate $3 billion annually.

Other federal taxes include payroll taxes to fund Social Security and Medicare and excise taxes. The application and disposition of federal excise taxes are determined by where the excisable goods are produced and consumed. The tax law treats the territories unequally with regard to whether they keep the revenues from federal excise taxes.

In fiscal year 1993, total federal expenditures in the five territories amounted to $10.3 billion. The largest expenditure category was "direct payments to individuals," which were made mostly through Social Security benefits, Medicare benefits, unemployment compensation, and student education grants. About 86 percent of the $10.3 billion went to Puerto Rico, although Guam received the highest expenditure in per capita terms.

Major federal social programs, such as food stamps and Aid to Families with Dependent Children, extend in varying degrees to the territories. If these programs were extended as currently operating in the U.S., the cost to the federal government could exceed $3 billion annually.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to present to the Subcommittee information on various fiscal arrangements between the U.S. government and the insular areas of American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands. In anticipation of congressional considerations of new tax and welfare initiatives, Chairman Young of the Committee on Resources asked us to compile information on income and other tax rules and revenues that apply to these areas, current federal expenditures to these areas, and the extent to which major federal social programs are extended to these areas.

Although there are more U.S. territories than the five we discuss today, the five are provided special recognition in the Internal Revenue Code.[1] To prepare for this hearing, we collected and analyzed data from federal agencies and published sources, including past GAO reports. The latest year for which demographic, economic, and fiscal data were available varied among the five territories. Appendix I discusses our objectives, scope, and methodology, and appendix II lists relevant GAO reports.

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[1]The Internal Revenue Code refers to the five territories as "possessions." However, outside of the Code, they are more commonly referred to as territories and we use that term in this testimony.

INCOME TAX RULES AND REVENUES

I would like to highlight now the federal individual and corporate income tax rules that affect the five territories. Among the distinguishing characteristics of these rules are (1) the section 936 tax credits available to qualifying U.S. corporations, (2) the transfer of revenue from the U.S. Treasury to the territorial governments, and (3) the exemption of territorial residents from federal income taxation on their local income. More information about these rules and related revenues is contained in appendix III.

Federal Income Tax on Corporations

Corporations organized in the territories are generally treated as foreign corporations for U.S. tax purposes. Like foreign corporations, they are taxed on their U.S. earnings, but their territorial income is not subject to U.S. tax.

U.S. corporations with subsidiaries in the territories can receive significant tax benefits through the possessions tax credit if their subsidiaries meet certain qualifications under section 936 of the Internal Revenue Code. This credit was established in 1976 to assist the U.S. territories in attracting employment-producing investments by U.S. corporations. Prior to 1994, this credit was available to qualified subsidiaries to the

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full amount of U.S. income tax liability on territorial source income. The credit effectively exempted from federal taxation all of the territorial source income earned by qualified subsidiaries. The Omnibus Budget Reconciliation Act of 1993 imposes a cap on the amount of credit that taxpayers can receive starting in 1994.

The Department of the Treasury estimates that the credit caused the federal government to forego $3.1 billion of tax revenues in 1993 before the cap was imposed. Treasury projects that, with the cap, the annual cost will fall (in nominal terms) to $2.6 billion in 1995 but, because of projected economic growth, climb to $3 billion by 1999.

Internal Revenue Service (IRS) studies, which covered the 1980s, showed that about 99 percent of the credit was earned by corporations operating in Puerto Rico. This is because Puerto Rico is many times larger than the other territories in population and gross national product. It also has a much larger industrial sector than the other territories (see app. IV).

Federal Income Tax on Individuals

Under the Internal Revenue Code, individuals who are residents of a territory and who earn income only from sources within the territory are to pay income tax only to the territory. They owe

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no federal tax on this income. Individuals who have U.S.-source income are treated differently for federal tax purposes, depending on their residence. Residents of Puerto Rico and American Samoa are to pay federal income tax on their U.S.- and foreign-source income if their income exceeds the federal filing threshold. The federal government is to transfer the tax collected from Samoan residents to the government of that territory, but retain the tax collected from residents of Puerto Rico. Residents of Guam and the Northern Marianas owe territorial income tax on any U.S.-source income that they may earn. The governments of those two territories are to transfer a portion of that tax revenue to the federal government.[2] The federal government does not tax, or receive any revenue from the territorial income tax on, Virgin Island residents who have U.S.-source income.

U.S. residents with territory-source income are also subject to differing requirements. U.S. residents with income from Puerto Rico or American Samoa are to pay territorial income tax on that income and receive a credit against their federal tax liabilities. U.S. residents with income from Guam or the Northern Marianas owe federal tax on their territorial income, but the federal government transfers a portion of this revenue to the territorial governments. U.S. residents who earn income in

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the Virgin Islands are to file identical returns with both governments, which share the revenues on a ratio basis that takes into account where the income was earned.

Income Tax Revenues

The Government of Puerto Rico reported a preliminary figure of $2.4 billion from its own income taxes in 1993. The latest figures for Guam show $262 million in income tax receipts for 1990. The Virgin Islands reported receiving $239 million from income taxes in 1993. Income tax revenues reported for American Samoa and the Northern Marianas were less than $30 million in the early 1990s.[3]

RULES AND REVENUES FOR OTHER TAXES

In addition to income taxes, several other federal taxes may affect the residents of the five territories. The payroll taxes that fund Social Security and Medicare are collected in all five territories and the revenues are retained by the U.S. government. The unemployment insurance tax is collected in Puerto Rico and the Virgin Islands, but not in the other three territories. The revenues from that tax are retained by the U.S. government.

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Federal estate and gift taxes generally do not apply to residents of the territories. Although the estate of a person who was born in the United States and moves to a territory would generally be subject to tax, the estate of a life long territory resident would not. However, all territorial residents who are U.S. citizens are subject to the federal estate and gift taxes on any tangible property they own that is situated in the United States.

The application and disposition of federal excise taxes in the territories are determined by where the excisable goods are produced and consumed. All merchandise shipped from the United States to any of the five territories is exempt from federal excise taxation.

Most federal excise taxes do not apply to products that are consumed in the territories. The tax law treats the territories unequally with regard to whether they keep the revenues from federal excise taxes that may be collected on their products or within their territories. For example, Guam and the Northern Marianas are entitled to any revenues the taxes generate. American Samoa receives no revenue from U.S. excise tax, nor does Puerto Rico or the Virgin Islands except for the special tax discussed below.

A special excise tax is imposed by section 7652 of the Internal Revenue Code on articles that are manufactured in Puerto Rico or

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A special excise tax is imposed by section 7652 of the Internal Revenue Code on articles that are manufactured in Puerto Rico or

the U.S. Virgin Islands and are shipped into the United States for sale or consumption. The tax is equal to the federal excise tax that would have been imposed had the articles been manufactured in the United States.

The Guam Organic Act and the Northern Marianas Covenant provide that any excise taxes that are collected on articles shipped to the United States are to be transferred to their respective territorial governments. Currently, no products subject to federal excise taxes are shipped from Guam or the Northern Marianas.

An excise tax on rum accounts for most of the revenues collected under section 7652. This tax is to be imposed at a rate of $13.50 per proof gallon. Puerto Rico and the Virgin Islands are to receive most of the revenue collected from this tax. Their share is equal to $11.30 per proof gallon of all rum they ship to the United States or exported to the United States from any foreign country. The Department of the Treasury is to retain a portion of this revenue equal to its enforcement expenses. In fiscal year 1994, Puerto Rico received $202 million from this source while the Virgin Islands received $32 million.

Puerto Rico is to receive all U.S. customs duties, net of refunds and expenses, that are collected within its territory. This transfer to Puerto Rico amounted to $133 million in fiscal year

1994. The four other territories are outside of the U.S. customs area. Nevertheless, the U.S. Customs Service helps the Virgin Islands to collect local customs duties and is to keep 1 percent of the total revenues collected to cover its expenses. The Virgin Islands received roughly $5 million from these collections in 1994.

CURRENT FEDERAL EXPENDITURES

I will move now to the federal expenditures that went to the five territories. Our data are for fiscal year 1993, the latest year for which data were readily available.

In fiscal year 1993, total federal expenditures in the five territories amounted to $10.3 billion. Eighty-six percent of this amount went to Puerto Rico, 9 percent went to Guam, and 4 percent to the Virgin Islands. American Samoa and the Northern Marianas each received less than 1 percent. In per capita terms, Guam received the highest expenditure, $6,364 per resident, while the Northern Marianas received the lowest, $1,124 per resident.

The largest category of expenditures was "direct payments to individuals;" it accounted for 46 percent of the total expenditures. Social Security benefits accounted for more than half of the expenditures in this category. Medicare benefits,

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veterans' benefits, unemployment compensation, and educational grants to needy students made up most of the remainder.

The next largest category was "grants to local governments," which accounted for 35 percent of total federal expenditures in the territories. For Puerto Rico, the largest portion of these grants was from the Department of Agriculture's Food and Nutrition Service. Puerto Rico also received sizeable grants from the Departments of Education, Health and Human Services, Housing and Urban Development, and Transportation.

In contrast to the case of Puerto Rico, grants from the Department of Agriculture represented much smaller proportions of the total grants received by the other territories. Those territories receive most of their grants from the Departments of the Interior, Education, Health and Human Services, Housing and Urban Development, and Transportation. It is important to note that the various transfers of revenues that we identified previously are included in the grant totals shown in table VII.1.

The third largest category of U.S. expenditures in the territories, "salaries and wages," accounted for 11 percent of total expenditures. This category represented the current compensation of federal civilian employees and members of the armed forces stationed in the territories. The remaining 8

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percent of federal expenditures went for procurement and other expenditures.[4]

FEDERAL SOCIAL PROGRAMS

The final area I will cover pertains to major social programs that the U.S government extends in varying degrees to the territories.[5] Discussion has occurred on fully extending major social programs to the territories. Extending certain federal programs in Puerto Rico as they operate in the states would not only increase federal expenditures but also enrollment and benefits.

The Congressional Budget Office in a 1990 paper estimated that additional federal expenditures in fiscal year 1995 could be as much as $3 billion if food stamp, Aid to Families with Dependent Children (AFDC), Medicaid, Medicare, Supplemental Security Income (SSI), and foster care benefits were fully extended to Puerto Rico. In addition, Puerto Rico would be subject to more federal examinations, for example, in the food stamp program as all states are subject to extensive oversight by the Department of

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Guam and the Virgin Islands operate a food stamp program like that in the 50 states. The food stamp program in Puerto Rico was replaced with a block grant, which began operations in 1982. For fiscal year 1995, a $1.1 billion block grant was appropriated for Puerto Rico. A variant of the food stamp program operates in the Northern Marianas. The food stamp program is not extended to American Samoa.

Puerto Rico's block grant--the Nutrition Assistance Program--provides participants monthly checks rather than food stamps. Unlike food stamp recipients, Nutrition Assistance Program participants are not restricted in what they can purchase with their checks. A ceiling limits the amount of the block grant. Nutrition Assistance Program participants must meet more restrictive participation criteria than food stamp program recipients.

Currently, only Guam, Puerto Rico, and the Virgin Islands operate a limited AFDC program. American Samoa and the Northern Marianas have not chosen to participate in AFDC. Federal funding for the AFDC programs in the three territories is capped. Total spending in combination with adult assistance and foster care expenditures should not exceed the following ceilings: Puerto Rico--$82

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million, Guam--$3.8 million, and the Virgin Islands--$2.8 million.

The U.S. government is to pay 50 percent of the Medicaid expenditures in the territories up to a ceiling amount that varies by territory. The ceiling amount, which is imposed by statute, is American Samoa--$1.45 million, Guam--$2.5 million, Northern Marianas--$0.75 million, Puerto Rico--$79 million, and Virgin Islands--$2.6 million.

Federal payments under the Medicare program are available to all five territories. Puerto Rico is treated like a state, except that hospital reimbursement rates under the special prospective payment system in Puerto Rico are lower than in the states.

The SSI program operates only in the Northern Mariana Islands. Instead of SSI, Guam, Puerto Rico, and the Virgin Islands receive federal grants for old-age assistance, aid to the blind, and aid to the permanently disabled.

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Table III.1: Federal Tax Rules That Apply to Individual Residents of the Territories and Residents of the U.S. With Territories-Source Income

Territory	Resident of territory with U.S.-source income	Resident of U.S. with territory-source income	Rules applicable after 1986 Act becomes effective
American Samoa	Files two returns, entitled to exclude income from Samoa, Guam, or the N. Marianas from U.S. return.	Taxable on income from American Samoa; tax paid would be creditable against individual's U.S. tax.	Same as column 1. U.S. and American Samoa have signed an implementation agreement.
Puerto Rico	A U.S. citizen who is a year-round resident of P.R. pays taxes to the U.S., but excludes P.R. source income.	U.S. citizen who is not present long enough in P.R. to qualify for the exclusion would have to file tax returns with both jurisdictions, but would be entitled to a foreign tax credit for P.R. income tax.	N/A
Virgin Islands	Files one return with the V.I. reporting worldwide income. no tax liability to U.S.	Tax liability to V.I. will be a fraction of U.S. tax liability, based on ratio of V.I. source income to worldwide income. Files identical returns with V.I. and U.S.	N/A
Guam	Files one return with territory reporting worldwide income. Guam covers over tax collected from certain individuals on U.S.-source income.	Files one return with U.S. reporting worldwide income. U.S. covers over tax collected from certain individuals on Guamanian source income.	Resident of Guam must file return with U.S. if has any income from source outside Guam, Northern Marianas or American Samoa. U.S. will cover over all income tax paid by resident.
Northern Marianas	Same as Guam.	Same as Guam.	Same as Guam.

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American Samoa	Files two returns, entitled to exclude income from Samoa, Guam, or the N. Marianas from U.S. return.	Taxable on income from American Samoa; tax paid would be creditable against individual's U.S. tax.	Same as column 1. U.S. and American Samoa have signed an implementation agreement.
Puerto Rico	A U.S. citizen who is a year-round resident of P.R. pays taxes to the U.S., but excludes P.R. source income.	U.S. citizen who is not present long enough in P.R. to qualify for the exclusion would have to file tax returns with both jurisdictions, but would be entitled to a foreign tax credit for P.R. income tax.	N/A
Virgin Islands	Files one return with the V.I. reporting worldwide income. no tax liability to U.S.	Tax liability to V.I. will be a fraction of U.S. tax liability, based on ratio of V.I. source income to worldwide income. Files identical returns with V.I. and U.S.	N/A
Guam	Files one return with territory reporting worldwide income. Guam covers over tax collected from certain individuals on U.S.-source income.	Files one return with U.S. reporting worldwide income. U.S. covers over tax collected from certain individuals on Guamanian source income.	Resident of Guam must file return with U.S. if has any income from source outside Guam, Northern Marianas or American Samoa. U.S. will cover over all income tax paid by resident.
Northern Marianas	Same as Guam.	Same as Guam.	Same as Guam.

APPENDIX VII

FEDERAL EXPENDITURES IN THE U.S. TERRITORIES, BY PROGRAM

Table VII.1: Federal Expenditures in the U.S. Territories and in the United States, FY 1993

Dollars in millions

	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	Territories Total	United States
Grants to local governments	$59	$161	$47	$3,132	$181	$3,580	$195,201
Salaries and wages	3	472	3	619	36	1,133	166,189
Direct payments for individuals	18	137	4	4,484	125	4,768	650,953
Procurement	11	166	1	410	33	621	201,369
Other programs	6	17	1	153	5	182	46,500
Total	$98	$952	$56	$8,798	$380	$10,284	$1,260,213

Source: Federal Expenditures by State for Fiscal Year 1993, Bureau of the Census, 1994.

Table VII.2: Federal Grants to the U.S. Territories and to the United States, FY 1993

Dollars in millions: The number "0" in this table represents an amount between $500 and $500,000, and the notation "--" represents an amount less than $500.

Department of Agriculture						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Agricultural Marketing Service	$--	$--	$--	$0	$0	$465
Cooperative State Research Service	0	1	1	8	1	387
Extension Service	0	1	0	4	1	438
Farmers Home Administration	--	--	--	13	0	287
Food and Nutrition Service						
Child Nutrition Program	6	3	0	131	5	6,340
Food Stamp Program	--	2	4	1,019[a]	2	3,106
W.I.C.	--	4	--	116	5	2,839
Commodity Distribution	--	0	0	6	0	226
Other	0	0	0	8	0	547
Total	6	9	4	1,280	12	13,058
Food Safety and Inspection Service	--	--	--	--	--	36
Forest Service	--	--	0	0	0	396
Soil Conservation Service	--	--	--	0	--	92
Total grants, Dept. of Agriculture	$6	$11	$5	$1,303	$14	$15,159

Department of Commerce						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Economic Development Administration	$0	$0	$0	$6	$3	$209
National Oceanic and Atmospheric Admin.	1	1	0	2	1	263
National Telecommunications and Information Administration	--	--	--	0	--	19
Total grants, Department of Commerce	$1	$1	$0	$8	$4	$491

Department of Defense						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
National Guard	$--	$0	$--	$1	$0	$236
Corps of Engineers	--	--	--	--	--	6
Total grants, Dept. of Defense	$--	$0	$--	$1	$0	$242

Department of Education						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Bilingual education and minority language affairs	$--	$0	$--	$1	$--	$101
Educational research and improvement-libraries	0	0	0	2	0	159
Office of Elementary and Secondary Education						
Compensatory education for disadvantaged	4	4	3	262	9	6,582
School improvement programs	3	6	2	42	5	1,903
Other	--	--	--	1	0	559
Total	7	10	5	305	14	9,044
Office of Postsecondary Education	--	0	--	1	0	119
Office of Special Education and Rehabilitative Services						
Education for the handicapped	2	6	2	18	4	2,356
Rehabilitation services and handicapped research	1	2	0	32	2	1,804
Total	3	8	2	50	6	4,160
Office of Vocational and Adult Education	0	1	0	22	1	1,133
Other	0	0	--	0	0	23
Total grants, Dept. of Education	$10	$18	$7	$381	$21	$14,740

Environmental Protection Agency						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Construction of wastewater treatment works	$--	$1	$1	$17	$1	$2,126
Abatement, control, and compliance	--	1	1	3	1	663
Hazardous substance response trust fund	--	0	0	2	0	239
Total grants, Environmental Protection Agency	$--	$2	$2	$22	$2	$3,028

Federal Emergency Management Agency						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Disaster relief	$0	$16	$0	$9	$11	1,155
Emergency planning, preparedness, and mitigation	--	0	--	1	0	106
Total grants, Federal Emergency Management Agency	$0	$16	$0	$10	$11	$1,261

Department of Health and Human Services						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Administration for Children and Families						
Family support payments (AFDC)	$--	$6	$--	$88	$4	$15,641
Social services block grant	0	0	0	14	3	2,771
Children and family services	3	4	2	135	6	3,907
Foster care and adoption assistance	--	--	--	--	--	2,770
Low-income home energy assistance	0	0	0	2	0	1,346
Community services block grant	0	0	0	17	0	458
Refugee assistance	--	--	--	--	0	435
Assistance for legalized aliens	--	--	--	--	--	582
Other	--	0	--	6	0	437
Total	3	10	3	261	13	28,347
Medicaid	1	2	1	74	3	75,774
Public Health Service	1	3	0	39	4	1,834
Alcohol, Drug Abuse, and Mental Health Administration	0	1	0	17	0	1,338
Social Security Administration - supplemental security income	--	--	--	--	--	34
Total grants, Dept. of Health and Human Services	$5	$16	$4	$391	$20	$107,326

Department of Housing and Urban Development						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Community development	$0	$1	$--	$119	$2	$3,198
Emergency shelters and homeless assistance	0	0	-	2	0	76
Low rent housing-operating assistance	--	0	--	63	20	2,453
Lower income housing assistance						
Housing payments-section 8	--	6	4	155	0	9,239
Public housing	--	0	5	73	27	3,199
Housing payments-college housing	--	--	--	0	--	19
Total	--	6	9	228	27	12,457
Other	--	0	--	19	2	871
Total grants, Dept. of Housing and Urban Development	$0	$9	$10	$432	$50	$19,056

Department of Interior						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Bureau of Land Management						
Payments in lieu of taxes and shared revenues	$--	$0	$--	$0	$0	$178
Fish and Wildlife Service	1	1	1	4	1	373
National Park Service						
Land and water conservation	--	--	0	0	0	24
Preservation of historic properties	0	0	0	0	0	30
Urban parks and recreation	--	--	--	0	--	7
Total	0	0	0	0	0	61
Office of Territorial Affairs	25	70[b]	9	--	33[c]	162
Total grants, Dept. of the Interior	$27	$71	$10	$4	$35	$1,566[d]

Department of Justice						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Total grants, Dept. of Justice	$1	$1	$1	$8	$1	$853

Department of Labor						
Program	America Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Employment and Training Administration						
Job Training Partnership Act	$0	$3	$0	$102	$3	$3,291
State unemployment insurance and employment service	0	1	--	27	2	3,436
Community service employment for older americans	1	1	0	1	1	84
Total	1	5	0	130	6	6,811
Occupational Safety and Health Administration	--	0	--	2	0	87
Other	--	--	--	--	--	5
Total grants, Department of Labor	$1	$4	$1	$131	$6	$6,903

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Department of Transportation						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Coast Guard	$0	$0	$0	$0	$0	$34
Airport and airway trust fund	1	3	3	15	6	1,931
Federal Highway Administration						
Highway trust fund	4	7	4	68	8	16,152
Motor carrier safety grants	0	0	--	0	--	63
Other	1	0	0	0	0	313
Total	5	7	4	68	8	16,528
Federal Transit Administration	--	1	--	21	1	3,516
Other	0	0	0	1	0	144
Total grants, Department of Transportation	$7	$11	$8	$106	$15	$22,153

Department of the Treasury						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Total grants, Dept. of Treasury	$--	$--	$0	$325[e]	$--	$439

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Department of Veterans Affairs						
Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Total grants, Dept. of Veterans Affairs	$--	$--	$--	$6	$--	$236

Note: Totals may not be the sum of the detailed amounts due to rounding.

[a]The amount shown is for the nutritional assistance block grant program, which is administered differently from the regular food stamp program in the states (see table VII.3).

[b]Includes transfers of income tax revenues.

[c]Includes transfers of excise tax revenues.

[d]Total grants in this column may not be the sum of the detailed amounts because certain programs were not included.

[e]Includes transfers of customs duties and excise tax revenues.

Source: Federal Expenditures by States for Fiscal Year 1993, Bureau of the Census, 1994 and officials in the Office of Territorial and International Affairs, Department of the Interior.

Table VII.3: Federal Direct Payments for Individuals in the U.S. Territories and for Those in the United States, FY 1993

Dollars in millions: The number "0" in this table represents an amount between $500 and $500,000, and the notation "--" represents an amount less than $500.

Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Social Security						
Retirement insurance payments	$5	$26	$--	$1,321	$40	$203,804
Survivors insurance payments	5	15	--	576	14	60,337
Disability insurance payments	3	5	--	705	8	33,805
Total Social Security	$14	$45	$--	$2,602	$63	$297,945
Medicare						
Hospital insurance payments	$--	$3	$--	$276	$7	$100,594
Supplementary medical insurance	--	3	--	257	5	54,128
Total Medicare	$--	$6	$--	$533	$12	$154,722
Federal retirement and disability payments						
Civilian	$0	$27	$--	$90	$5	$35,573
Military	2	22	0	68	2	25,752
Total	$2	$49	$0	$158	$7	$61,325

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Program	American Samoa	Guam	Northern Marianas	Puerto Rico	Virgin Islands	United States
Federal payments for unemployment compensation	--	--	--	319	8	34,930
Veterans compensations, pensions and other benefits	2	5	0	338	3	17,482
Supplemental security income payments	--	--	2	--	--	21,137
Food stamps[a]	--	17	--	--	19	22,033
Social insurance payments for railroad workers	0	--	--	2	0	7,920
Housing assistance	0	12	--	181	11	10,496
Pell grant program	0	1	1	297	1	5,872
Excess earned income tax credits	--	--	--	--	--	10,183
National guaranteed student loan interest subsidies	0	--	--	3	0	1,311
Federal workers compensation	0	1	--	11	0	1,822
Black lung payments	0	0	--	0	0	1,343
Other	0	1	0	40	1	2,430
Total direct payments for individuals	$18	$137	$4	$4,484	$125	$650,952

Note: Totals may not be the sum of the detailed amounts due to rounding.

[a]The food stamp entry for Puerto Rico is not comparable to the entries for the other locations, because, as shown in table VII.2, food stamps are supplied to Puerto Rico in the form of block grants.

Source: Federal Expenditures by State for Fiscal Year 1993, Bureau of the Census, 1994.