

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

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

### Overview

The United States of America (US) is a federal republic composed of 50 states, a federal district of Washington, D.C., five major and various minor insular areas, as well as over 90,000 local governments, including counties, municipalities, townships, and special district governments. At 3.8 million square miles and with over 320 million people, the US is the world's third-largest country by total area and the third most populous.

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

To achieve the vision of the people, our Government raises money, spends money, and exercises, grants, and rescinds authorities. Our Government generates revenue mainly by taxing individuals and businesses in the US, and to a lesser degree through income on assets invested and charges for government services. Our Government's most significant expenditure is transfer payments to individuals and subsidies, comprising over 47% of its expenditures, most significantly for Social Security, Medicare, and Medicaid. Personnel and compensation costs is our Government's second-largest expenditure, comprising more than 25% of its expenditures. By segment, our Government's most significant expenditures are for securing the blessings of liberty to ourselves and our posterity, comprising more than half of its expenditures.

### Fiscal years presented

In this MD&A, we analyze the one-year, five-year, and 10-year periods ending September 30, 2015, the most recent period for which a nearly complete set of federal and state and local financial data is available. A public company is generally required to analyze its immediately prior three fiscal years. While decisions can be made and implemented quickly within companies, and the impact of those decisions may be seen shortly thereafter, this is not generally the case within government. Therefore, we have provided a longer-term view within this MD&A than we would for a company.

### Trends

During the one-year, five-year, and 10-year periods ending in 2015, we saw a mixture of stagnation, progression towards, and retreat from, achievement of our Constitutional objectives. Our Government's role in these trends is certainly not clear. However, we believe it may be useful to observe these trends in evaluating our Government. Highlights in key metrics for these years include:

#### *Progress –*

- **improving health of the economy**, including growing GDP, the S&P500, median annual wages (though not on pace with inflation long-term), minimum wage, and household financial assets while decreasing bankruptcy filings;
- **reducing overall crime and physical harm**, including reducing rates of: reported crime and arrests; workplace violations, injuries and fatalities; and transportation fatalities, and numbers of most types of fires and deaths therefrom, child victims, hate crimes, health discrimination investigations, and border apprehensions;
- **improving quality of life for certain populations**, including reducing numbers of children in foster care and military personnel abroad, as well as the veteran unemployment rate, while increasing charitable giving (though not on pace with income growth); and
- **tending to our environment**, including reducing overall emissions, numbers of poor air quality days, and net energy consumption, while increasing energy consumption from nuclear and renewable sources.

#### *Retreat –*

- **fiscal unsustainability of our Government**, as our Government's debt grows as a percentage of GDP;
- **reduced participation in our democracy**, including reduced rates of voting in all elections but particularly midterm elections;

- **increasing specific crime and physical harm**, including numbers and deaths from non-home structure fires, disaster declarations for most types of natural disasters, acres burned in forest fires, consumer complaints, equal employment charges, housing discrimination complaints, intellectual property seizures, and airport firearm discoveries;
- **increasing challenges to the health of our population**, including increased rates of diabetes and obesity, rates of death from accidents, mental disorders, and drug poisonings, and increased total personal healthcare expenditures;
- **insufficiently protecting our children**, including increasing numbers of child fatalities as a result of maltreatment, children living in poverty, and homeless children; and
- **increasing challenges to homeownership**, including reduced new home sales, the percentage of families that are homeowners, and the value of real estate assets (though this has reversed lately), and increased numbers of people in subsidized housing.

Our Government's operations are financially unsustainable. It continues to spend more than it takes in each year, accumulating an overall deficit that reached \$10.8 trillion at September 30, 2015. Expenditures increased 48% between 2005 and 2015, when they reached a record high of \$5.7 trillion annually. Our Government has, however, reduced its annual deficit by nearly 80% from its peak of \$2.3 trillion in 2009 to \$484 billion in 2015 through increased revenue. Increases in revenue have been driven by both overall economic prosperity (primarily increased taxable income and income on invested Government assets) and tax policy changes. See *Part I, Item 1A, Risk Factors, Newly enacted legislation and tax avoidance put downward pressure on tax revenues, reducing Government resources*, for discussion of recent significant tax policy changes that could impact these trends.

## Macro economy and related government actions

### Key economic indicators

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

	2015	2014	2010	2005
<b>Interest rates</b>				
10-year Treasury Rate	2.14%	2.54%	3.22%	4.29%
US Federal Funds Rate	0.13%	0.09%	0.18%	3.22%
US Bank Prime Loan Rate	3.26%	3.25%	3.25%	6.19%
<b>Economic indicators</b>				
Average annual US inflation rate (calendar year)	0.1%	1.6%	1.6%	3.4%
Average annual US inflation rate (fiscal year)	0.3%	1.6%	1.7%	3.3%
Change in average annual US inflation from the respective year to 2015	—ppt	(1.3)ppt	(1.4)ppt	(3.0)ppt
<b>Stock indices</b>				
Standard and Poor's 500 (S&P 500) average daily closing price:				
Federal fiscal year – October 1 to September 30	2,050	1,870	1,111	1,190
Change from the respective year to 2015	—%	10%	85%	72%
State and local fiscal year – July 1 to June 30	2,037	1,794	1,085	1,160
Change from the respective year to 2015	—%	14%	88%	76%
Differences between beginning and ending closing prices of stock indices, July 1 compared to June 30:				
S&P 500				
S&P 500	103	354	111	50
Change from the respective year to 2015	—%	(71)%	(8)%	104%
Deutsche Boerse AG German Stock Index, Performance (DAX)				
Deutsche Boerse AG German Stock Index, Performance (DAX)	1,112	1,874	1,157	534
Change from the respective year to 2015	—%	(41)%	(4)%	108%
Nikkei 225: N225 (NIKKEI)				
Nikkei 225: N225 (NIKKEI)	5,074	1,485	(576)	(275)
Change from the respective year to 2015	—%	242%	(981)%	(1,946)%
Financial Times Stock Exchange 100 Index: UKX (FTSE)				
Financial Times Stock Exchange 100 Index: UKX (FTSE)	(223)	528	668	649
Change from the respective year to 2015	—%	(142)%	(133)%	(134)%
Chicago Board Options Exchange Volatility Index (VIX) at June 30				
Chicago Board Options Exchange Volatility Index (VIX) at June 30	18	12	35	12
<b>Asset and service prices</b>				
Gold price	\$ 1,060.00	\$ 1,206.00	\$ 1,405.50	\$ 513.00
West Texas Intermediate (WTI) crude oil spot price	\$ 48.66	\$ 93.17	\$ 79.48	\$ 56.64
Consumer Price Index (average monthly for the fiscal year):				
Consumer price index	236.7	236.0	217.4	193.5
Growth from the respective year to 2015	—%	0.3%	8.9%	22.3%
Food price index	246.5	240.8	218.8	189.7
Growth from the respective year to 2015	—%	2.4%	12.6%	30.0%
Medical care price index	443.6	432.6	385.3	319.9
Growth from the respective year to 2015	—%	2.6%	15.1%	38.7%
Medical care commodities price index	352.7	340.5	312.6	273.8
Growth from the respective year to 2015	—%	3.6%	12.8%	28.8%
Medical care services price index	472.7	462.2	407.7	332.9
Growth from the respective year to 2015	—%	2.3%	15.9%	42.0%
Hospital and related services price index	753.7	726.3	597.6	434.3
Growth from the respective year to 2015	—%	3.8%	26.1%	73.6%
<b>Housing</b>				
US 30-year mortgage interest rate	3.85%	4.17%	4.69%	5.87%
Median new home sales price (in thousands) <sup>1</sup>	\$ 299	\$ 302	\$ 241	\$ 239
Median home values (in thousands) <sup>2</sup>	\$ 180	\$ na	\$ na	\$ 165
Existing home sales (in thousands of housing units) <sup>3</sup>	62,800	59,080	na	na
New home sales (in thousands of housing units)	501	437	323	1,283

<sup>†</sup> Sources: Federal Reserve, Bureau of Labor, Freddie Mac, Energy Information Administration, World Gold Council, Bureau of Economic Analysis, US Census, Bureau of Labor Statistics, Yahoo Finance, Google Finance.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> December of each year

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

<sup>3</sup> Existing-home sales are based on closing transactions of single-family, townhomes, condominiums and cooperative homes. Seasonally-adjusted rate.

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

The 10-year period from fiscal year 2005 to fiscal year 2015 began as the US macro economy was continuing to recover from both a recession that started in 2001 and the 9/11 Terrorists Attacks. Between fiscal years 2005 and 2010, nominal GDP increased by 14%, with the following sectors experiencing the largest increases: government; finance, insurance, real estate, rental, and leasing; educational services, health care and social assistance; and professional and business services. Early in this first five-year period, in 2006, the housing bubble peaked and shortly thereafter gave way to a financial crisis.

The Great Recession began in December 2007 and peaked in September-October 2008 as major financial institutions were on the brink of collapse, prompting the federal government to act. Major government action first began in March 2008 when the investment firm Bear Stearns collapsed, and the federal government assisted in J.P. Morgan's takeover of the failed entity. Then in September 2008, Fannie Mae and Freddie Mac were placed in conservatorship by the Federal Housing Finance Agency. Ultimately, a broader package called the Troubled Asset Relief Program (TARP) was authorized by Congress in October 2008 to stabilize the financial system amid the most severe economic downturn since the Great Depression. Its original goal was to buy distressed assets, such as mortgage-backed securities, from financial firms. That was later changed to inject capital directly into banks through the purchase of senior preferred shares and warrants. The program was also broadened to include bailouts for auto firms General Motors Company and Chrysler Corporation, mortgage relief for homeowners, and measures to restart credit markets. Congress originally authorized \$700 billion for TARP, which was later reduced to \$475 billion (97% of which has since been returned, along with a surplus on certain investments that totals more than \$7.9 billion).

After President Obama took office in January 2009, he and the Democratic-controlled Congress enacted the American Recovery and Reinvestment Act (ARRA), which was a stimulus package of temporary tax cuts and spending increases with the aim of boosting the macro economy. The legislation's numerous spending and revenue provisions can be grouped into several categories according to their focus:

- *Providing funds to states and localities* – for example, by raising federal matching rates under Medicaid, providing aid for education, and increasing financial support for some transportation projects;
- *Supporting people in need* – such as by extending and expanding unemployment benefits and increasing benefits under the Supplemental Nutrition Assistance Program (formerly food stamps);
- *Purchasing goods and services* – for instance, by funding construction and other investment activities that could take several years to complete; and
- *Providing temporary tax relief for individuals and businesses* – such as by raising exemption amounts for the alternative minimum tax, increasing the Earned Income Tax Credit, adding a new Making Work Pay tax credit and a new American Opportunity Credit for higher education, and creating enhanced deductions for depreciation of business equipment.

At the end of fiscal year 2009, the recession waned, and a gradual recovery began, followed by economic growth in the final five years of the 10-year window included in this MD&A.

### ***The following five years***

In December 2010, some tax cuts enacted in ARRA and those enacted during President George W. Bush's term were extended for two more years. Some of those were eventually allowed to expire in December 2012 – primarily those affecting high-income taxpayers. Also during this period, the Affordable Care Act (ACA) was enacted, with most of the associated government revenue increases taking effect on January 1, 2013.

Overall, between fiscal years 2010 and 2015, nominal GDP grew by 21%, with the following sectors experiencing the largest increases: finance, insurance, real estate, rental, and leasing; professional and business services; government; and educational services, health care, and social assistance. During this period, federal budget deficits reached record highs as revenues declined and spending increased. Revenues for state and local governments also declined significantly because of the economic downturn, prompting some cuts to spending and higher tax rates as states (except Vermont) are not allowed to spend more than they receive. The ARRA provided some fiscal relief to the states.

## **Other factors affecting this discussion**

### **Modification of data**

In cases where only calendar year annual data was available, we used one simple formula to create federal fiscal year (October 1 to September 30) data – 25% of the prior calendar year figure plus 75% of the current calendar year figure. All the figures in this MD&A that were converted from calendar year to federal fiscal year in this manner are indicated by \* (one asterisk). To create state and local fiscal year (July 1 to June 30) data, we used a formula of 50% of the prior calendar year figure plus 50% of the current calendar year figure. All the figures in this MD&A that were converted from calendar year to state and local fiscal year in this manner are indicated by \*\* (two asterisks). Finally, for tax revenues, we calculated the impact of tax rates vs. tax bases by holding one constant while fluctuating the other. See more information at Exhibit 99.13.

### **Comparability of data**

See discussion of the comparability of data within this MD&A in *Part I, About This Report, Comparability of data* and Exhibit 99.12 *Data comparability considerations*.

## The impact of inflation and changes in US population

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

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

- 2014 to 2015 – 2.4 million people or 1%;
- 2010 to 2015 – 12.3 million people or 4%; and
- 2005 to 2015 – 25.5 million people or 9%.

Our population aged 65 years and older grew by:

- 2014 to 2015 – 1.5 million people or 3%;
- 2010 to 2015 – 7.5 million people or 19%; and
- 2005 to 2015 – 11.1 million people or 30%.

## The timing of changes in law and calculation of tax impacts

Certain tax and other law changes go into effect during the fiscal year, so only part of the fiscal year reflects the changes. Furthermore, the tax filing season (and therefore cash receipt and the recording of revenue by our Government) for any tax year is in the following fiscal year, therefore, tax law changes within a particular tax year have a disproportionate influence on revenue for the following fiscal year. As income tax revenue is collected via withholding and estimated tax payments throughout the year, this impact is somewhat tempered for this revenue source.

## Which changes are discussed

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

### Summary results of operations

(In billions, except percentages)	2015			2014			Changes					
	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	\$ 5,176	\$ 3,301	\$ 1,875	\$ 5,224	\$ 3,048	\$ 2,176	\$ (48)	\$ 253	\$ (301)	(1)%	8%	(14)%
Expenditures	5,660	3,086	2,574	5,385	2,934	2,451	275	152	123	5%	5%	5%
Intergovernmental (expenditures) revenues <sup>1</sup>	—	(624)	624	—	(577)	577	—	(47)	47	—%	(8)%	8%
Net surplus (deficit)	\$ (484)	\$ (409)	\$ (75)	\$ (161)	\$ (463)	\$ 302	\$ (323)	\$ 54	\$ (377)	(201)%	12%	(125)%
Estimated impact of inflation on net surplus (deficit)							\$ (1)	\$ (1)	\$ 1	—%	—%	—%
Estimated impact of population growth on net surplus (deficit)							—	—	—	—%	—%	—%

(In billions, except percentages)	2015			2010			Changes					
	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	\$ 5,176	\$ 3,301	\$ 1,875	\$ 3,935	\$ 2,183	\$ 1,752	\$ 1,241	\$ 1,118	\$ 123	32%	51%	7%
Expenditures	5,660	3,086	2,574	5,134	2,863	2,271	526	223	303	10%	8%	13%
Intergovernmental (expenditures) revenues <sup>1</sup>	—	(624)	624	—	(608)	608	—	(16)	16	—%	(3)%	3%
Net surplus (deficit)	\$ (484)	\$ (409)	\$ (75)	\$ (1,199)	\$ (1,288)	\$ 89	\$ 715	\$ 879	\$ (164)	60%	68%	(184)%
Estimated impact of inflation on net surplus (deficit)							\$ (107)	\$ (115)	\$ 8	9%	9%	9%
Estimated impact of population growth on net surplus (deficit)							(39)	(42)	3	3%	3%	3%

Part II  
Item 7

(In billions, except percentages)	2015			2005			Changes					
	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	\$ 5,176	\$ 3,301	\$ 1,875	\$ 3,643	\$ 2,172	\$ 1,471	\$ 1,533	\$ 1,129	\$ 404	42%	52%	27%
Expenditures	5,660	3,086	2,574	3,830	2,055	1,775	1,830	1,031	799	48%	50%	45%
Intergovernmental expenditures (revenues) <sup>1</sup>	—	(624)	624	—	(428)	428	—	(196)	196	—%	(46)%	46%
Net surplus (deficit)	\$ (484)	\$ (409)	\$ (75)	\$ (187)	\$ (311)	\$ 124	\$ (297)	\$ (98)	\$ (199)	(159)%	(32)%	(160)%
Estimated impact of inflation on net surplus (deficit)							\$ (42)	\$ (70)	\$ 28	22%	22%	22%
Estimated impact of population growth on net surplus (deficit)							(15)	(25)	10	8%	8%	8%

<sup>1</sup> See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

Our Government ran a net deficit in each of the years discussed in this MD&A (2005, 2010, 2014, and 2015), as well as in all intervening years (2005 to 2015) except 2007.

The deficit peaked in 2009, when revenues declined 26% and spending increased 13% as compared to the prior year. The most significant revenue declines were losses incurred on investments at the state and local level as stock markets dropped worldwide, followed by decreased individual and corporate income tax revenues as the Great Recession hit the bottom lines of individuals and businesses. The expenditure increases reflected significant spending on banking, finance, and housing industry support and increases in general support programs, such as unemployment insurance, Social Security, and non-cash aid to the disadvantaged, including Medicaid and SNAP, expenditures intended to boost the economy and support the population in the interim. These dynamics illustrate how government finances can be significantly impacted by the health of the overall economy.

In the sections below, we discuss the material changes in our Government's results of operations during the periods presented.

## Revenues<sup>33</sup>

### Fiscal year 2015 compared with fiscal year 2014

(In billions, except percentages)	2015			2014			Changes <sup>2</sup>					
	Total	Federal	State and Local <sup>1</sup>	Total	Federal	State and Local <sup>1</sup>	Total	Federal	State and Local <sup>1</sup>	Total	Federal	State and Local <sup>1</sup>
Individual income taxes	\$ 1,909	\$ 1,541	\$ 368	\$ 1,736	\$ 1,395	\$ 341	\$ 173	\$ 146	\$ 27	10%	10%	8%
Payroll taxes	1,082	1,082	—	1,041	1,041	—	41	41	—	4%	4%	—%
Sales and excise taxes	643	98	545	615	93	522	28	5	23	5%	5%	4%
Property taxes	488	—	488	468	—	468	20	—	20	4%	—%	4%
Corporate income taxes	401	344	57	376	321	55	25	23	2	7%	7%	4%
Other taxes	181	63	118	182	63	119	(1)	—	(1)	(1)%	—%	(1)%
Tax revenues	\$ 4,704	\$ 3,128	\$ 1,576	\$ 4,418	\$ 2,913	\$ 1,505	\$ 286	\$ 215	\$ 71	6%	7%	5%
Earnings on investments	\$ 159	\$ —	\$ 159	\$ 538	\$ —	\$ 538	\$ (379)	\$ —	\$ (379)	(70)%	—%	(70)%
Federal Reserve earnings	97	97	—	100	100	—	(3)	(3)	—	(3)%	(3)%	—%
Sales of government resources	53	35	18	29	9	20	24	26	(2)	83%	289%	(10)%
Other non-tax revenues	163	41	122	139	26	113	24	15	9	17%	58%	8%
Total non-tax revenues	\$ 472	\$ 173	\$ 299	\$ 806	\$ 135	\$ 671	\$ (334)	\$ 38	\$ (372)	(41)%	28%	(55)%
Total revenues	\$ 5,176	\$ 3,301	\$ 1,875	\$ 5,224	\$ 3,048	\$ 2,176	\$ (48)	\$ 253	\$ (301)	(1)%	8%	(14)%
Estimated impact of inflation on total revenues							\$ 17	\$ 9	\$ 7	—%	—%	—%
Estimated impact of population growth on total revenues							—	—	—	—%	—%	—%

<sup>1</sup> State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

INTERACTIVE ANALYSIS

### 2014 to 2015 | Federal individual income tax revenue

The \$146 billion federal individual income tax revenue increase can be attributed \$74 billion\* to changes in average tax rates and \$72 billion\* to higher taxable income.

#### Tax rate changes

There were no significant statutory tax rate changes during this period. The change, therefore, is attributed primarily to more income in higher tax rate brackets.

## Income changes

The increase in individual taxable income reflected an approximately \$498 billion\* or 5%\* increase in Adjusted Gross Income (AGI). Following are the income components of AGI shown by AGI cohort.

	2015					2014					Changes									
	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other <sup>1</sup>	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other <sup>1</sup>	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other <sup>1</sup>	Total AGI					
(In billions, except percentages)																				
Less than \$1	\$ 19	\$ 15	\$ (42)	\$ (195)	\$ (203)	\$ 21	\$ 14	\$ (39)	\$ (193)	\$ (197)	\$ (2)	\$ 1	\$ (3)	\$ (2)	\$ (6)	(10)%	7%	(8)%	(1)%	(3)%
\$1-\$50,000	1,586	11	7	362	1,966	1,570	11	7	368	1,956	16	—	—	(6)	10	1%	—%	—%	(2)%	1%
\$50,001-\$75,000	943	11	10	255	1,219	916	11	9	254	1,190	27	—	1	1	29	3%	—%	11%	—%	2%
\$75,001-\$100,000	837	14	13	247	1,111	836	14	13	243	1,106	1	—	—	4	5	—%	—%	—%	2%	—%
\$100,001-\$200,000	1,847	52	59	512	2,470	1,736	50	58	480	2,324	111	2	1	32	146	6%	4%	2%	7%	6%
\$200,001-\$500,000	1,031	82	129	273	1,515	935	80	120	249	1,384	96	2	9	24	131	10%	3%	8%	10%	9%
\$500,001-\$1 million	331	61	112	85	589	301	59	103	81	544	30	2	9	4	45	10%	3%	9%	5%	8%
Over \$1 million	436	447	330	220	1,433	393	397	300	205	1,295	43	50	30	15	138	11%	13%	10%	7%	11%
Total	\$ 7,030	\$ 693	\$ 618	\$ 1,759	\$ 10,100	\$ 6,708	\$ 636	\$ 571	\$ 1,687	\$ 9,602	\$ 322	\$ 57	\$ 47	\$ 72	\$ 498	5%	9%	8%	4%	5%

<sup>1</sup> All Other includes interest, dividends, state income tax refunds, alimony received, business or profession net income (loss), net gain (loss) on sales of capital assets and other property, taxable retirement distributions, rent and royalty income (loss), farm net income (loss), estate and trust net income (loss), unemployment compensation, taxable social security benefits, net operating losses, cancellation of debt, taxable health savings account distributions, foreign earned income exclusions, gambling earnings, other income (losses), less: educator expenses, health savings account deductions, moving expenses, deductible self-employment taxes, self-employed SEP, SIMPLE, and qualified plan deductions, self-employed health insurance deductions, penalties on early withdrawals of savings, alimony paid, retirement account deductions, student loan interest deductions, tuition and fees, and domestic production activities deductions.

## AGI by cohort

AGI increased for all cohorts with AGI above \$1, most significantly for cohorts with AGI above \$100,000, a group which saw its aggregate AGI increase over \$460 billion\* or 8%\* in 2015. The cohort with the largest dollar increase in AGI is the one with AGI between \$100,001 and \$200,000, at an increase of \$146 billion\* or 6%\* in aggregate, driven primarily by higher wages and salaries. The cohort with the largest percentage increase in AGI is the one with AGI over \$1 million, at an increase of 11%\* or \$138 billion\* in aggregate, spread across all income types. These increases in AGI were offset in part by a \$6 billion\* or 3%\* decrease in AGI for the cohort where AGI is less than \$1.

## AGI by income type

Nearly 65%\* of the \$498 billion\* increase in AGI was driven by higher wages and salaries, which increased \$322 billion\* or 5%\*. All cohorts with AGI above \$1 saw wage and salary growth. The largest dollar amount of growth, at an aggregate increase of \$111 billion\* or 6%\*, was for the cohort with AGI between \$100,001 and \$200,000. The highest rate of growth, at 11%\* or \$43 billion\* in aggregate, was for the cohort with AGI over \$1 million.

Net capital gains income increased \$57 billion\* or 9%\*, comprising 11%\* of the \$498 billion\* increase in AGI. Most of the AGI cohorts saw at least some increase in net capital gains income. By far, the largest dollar amount and rate of growth in net capital gains income, at an aggregate increase of \$50 billion\* or 13%\*, was for the cohort with AGI over \$1 million. The average daily closing price of the S&P 500 during the respective federal fiscal year (October 1 to September 30) increased 10%, which may have contributed to increases in capital gains.

## 2014 to 2015 | State and local individual income tax revenues

The \$27 billion state and local individual income tax revenue increase can be attributed \$18 billion\*\* to higher taxable income and \$9 billion\*\* to changes in average tax rates.

## Income changes

The \$18 billion\*\* increase attributable to higher individual taxable income reflected an approximately \$426 billion\*\* or 6%\*\* increase in AGI in all states that tax individual income. Following are the income components of AGI shown by AGI cohort.

	2015					2014					Changes									
	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other	Total AGI					
(In billions, except percentages)																				
Less than \$1	\$ 11	\$ 11	\$ (48)	\$ (121)	\$ (147)	\$ 11	\$ 10	\$ (28)	\$ (138)	\$ (145)	\$ —	\$ 1	\$ (20)	\$ 17	\$ (2)	—%	10%	71%	(12)%	1%
\$1-\$50,000	1,205	10	6	314	1,535	1,194	9	6	323	1,532	11	1	—	(9)	3	1%	11%	—%	(3)%	—%
\$50,001-\$75K	747	10	8	196	961	736	9	8	192	945	11	1	—	4	16	1%	11%	—%	2%	2%
\$75,001-\$100K	669	12	10	200	891	658	11	10	207	886	11	1	—	(7)	5	2%	9%	—%	(3)%	1%
\$100,001-\$200K	1,453	44	45	417	1,959	1,377	41	43	380	1,841	76	3	2	37	118	6%	7%	5%	10%	6%
\$200,001-\$500K	808	67	104	204	1,183	738	60	95	182	1,075	70	7	9	22	108	9%	12%	9%	12%	10%
\$500,001-\$1 million	248	46	89	75	458	224	40	78	72	414	24	6	11	3	44	11%	15%	14%	4%	11%
Over \$1 million	330	319	258	156	1,063	293	264	224	148	929	37	55	34	8	134	13%	21%	15%	5%	14%
Total	\$5,471	\$519	\$472	\$1,441	\$7,903	\$5,231	\$444	\$436	\$1,366	\$7,477	\$240	\$75	\$36	\$75	\$426	5%	17%	8%	5%	6%

† This table is not entirely consistent with the federal AGI table above and is simply used to analyze growth rates in income for those states with an income tax.

## AGI by cohort

For states that tax individual income, AGI increased for all cohorts with AGI above \$1, most significantly for cohorts with AGI above \$100,000, a group which saw its aggregate AGI increase over \$404 billion\*\* or 9%\*\* . The cohort with the largest dollar and rate increase in AGI was the one with AGI over \$1 million, at an increase of \$134 billion\*\* or 14%\*\* in aggregate, spread across all income types. These increases in AGI were offset in part by an aggregate \$2 billion\*\* or 1%\*\* decrease in AGI for the cohort where AGI is less than \$1.

## AGI by income type

More than 55%\*\* of the \$426 billion\*\* increase in AGI in states that tax individual income was driven by higher wages and salaries, which increased \$240 billion\*\* or 5%\*\* . All cohorts with AGI of \$1 or more saw wage and salary growth. The largest dollar amount, at an aggregate increase of \$76 billion\*\* or 6%\*\* , was for the cohort between \$100,001 and \$200,000. The highest rate of wage and salary growth, at an aggregate increase of 13%\*\* or \$37 billion\*\* , was for the cohort with AGI greater than \$1 million.

Net capital gains income increased \$75 billion\*\* or 17%\*\* , comprising more than 18%\*\* of the overall increase in AGI in states that tax individual income. All AGI cohorts saw increases in net capital gains income. The largest dollar amount and rate of growth, at an aggregate increase of \$55 billion\*\* or 21%\*\* , was for the cohort with AGI greater than \$1 million. The average daily closing price of the S&P 500 during the state and local fiscal year (July 1 to June 30) increased 14%, which may have contributed to increases in capital gains.

Partnership and S Corporation income increased \$36 billion\*\* or 8%\*\* , comprising a little over 8%\*\* of the overall increase in AGI in states that tax individual income. The largest dollar amount and rate of growth, at an aggregate increase of \$34 billion\*\* or 15%\*\* , was for the cohort with AGI greater than \$1 million.

## Tax rate changes

There were no significant statutory tax rate changes at the state level during this period. Only one state increased its income tax rates – Ohio increased the rate on its lowest income bracket by 0.5%. Seven states decreased the rates on their highest or lowest income brackets, ranging from decreases of 0.1% (multiple states) to 2.2% (Delaware, on its lowest income bracket). The change in state and local individual income tax revenue attributable to tax rate changes, therefore, is primarily due to more income in higher tax rate brackets.

## 2014 to 2015 | Payroll tax revenue

The \$41 billion increase in payroll tax revenue primarily reflected a \$35 billion or 5% increase in Social Security taxes, driven by a \$230 billion\* or 4%\* increase in earnings subject to the taxes.

## 2014 to 2015 | State and local earnings on investments<sup>34</sup>

State and local earnings on investments (primarily funds held by retirement, workers' compensation, and other trusts) decreased \$379 billion or 70% due to decreases in stock market performance, offset in part by a 3% increase in



investment balances. Using state and local fiscal year (July 1 to June 30) starting and ending stock prices, there were 71%, 41%, and 142% decreases in the S&P 500, DAX, and FTSE, respectively, and a 242% increase in the NIKKEI. The largest investment balance increases were in other nongovernmental securities, corporate stocks, and corporate bonds, partially offset by decreases in investments in governmental securities.

## Fiscal year 2015 compared with fiscal year 2010

(In billions, except percentages)	2015			2010			Changes <sup>2</sup>					
	Total	Federal	State and Local <sup>1</sup>	Total	Federal	State and Local <sup>1</sup>	Total	Federal	State and Local <sup>1</sup>	Total	Federal	State and Local <sup>1</sup>
Individual income taxes	\$ 1,909	\$ 1,541	\$ 368	\$ 1,160	\$ 898	\$ 262	\$ 749	\$ 643	\$ 106	65%	72%	40%
Payroll taxes	1,082	1,082	—	881	881	—	201	201	—	23%	23%	—%
Sales and excise taxes	643	98	545	503	67	436	140	31	109	28%	46%	25%
Property taxes	488	—	488	444	—	444	44	—	44	10%	—%	10%
Corporate income taxes	401	344	57	235	191	44	166	153	13	71%	80%	30%
Other taxes	181	63	118	153	53	100	28	10	18	18%	19%	18%
Tax revenues	\$ 4,704	\$ 3,128	\$ 1,576	\$ 3,376	\$ 2,090	\$ 1,286	\$ 1,328	\$ 1,038	\$ 290	39%	50%	23%
Earnings on investments	\$ 159	\$ —	\$ 159	\$ 352	\$ —	\$ 352	\$ (193)	—	(193)	(55)%	—%	(55)%
Federal Reserve earnings	97	97	—	76	76	—	21	21	—	28%	28%	—%
Sales of government resources	53	35	18	21	5	16	32	30	2	152%	600%	13%
Other non-tax revenues	163	41	122	110	12	98	53	29	24	48%	242%	24%
Total non-tax revenues	\$ 472	\$ 173	\$ 299	\$ 559	\$ 93	\$ 466	\$ (87)	\$ 80	\$ (167)	(16)%	86%	(36)%
Total revenues	\$ 5,176	\$ 3,301	\$ 1,875	\$ 3,935	\$ 2,183	\$ 1,752	\$ 1,241	\$ 1,118	\$ 123	32%	51%	7%
Estimated impact of inflation on total revenues							\$ 350	\$ 194	\$ 156	9%	9%	9%
Estimated impact of population growth on total revenues							130	72	58	3%	3%	3%

<sup>1</sup> State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

## 2010 to 2015 | Federal individual income tax revenue

The federal individual income tax revenue increase of \$643 billion can be attributed \$403 billion\* to changes in average tax rates and \$240 billion\* to higher taxable income.

### Tax rate changes

There were several key statutory individual income tax rate changes during this period, among them:

- the mid-fiscal year 2013 expiration of several tax cuts as part of the American Taxpayer Relief Act of 2012, which primarily affected high-income taxpayers, including:
  - increasing the top federal individual income tax bracket rate from 35% to 39.6%;
  - increasing the second highest federal individual income tax bracket rate from 33% to 35%;
  - increasing the top federal individual income tax rates on both capital gains and qualified dividends from 15% to 20%;
  - increasing the federal estate tax rate from 35% to 40%; and
  - phasing out certain itemized deductions and personal exemptions; and
- new income taxes effective mid-fiscal year 2013 as part of the Affordable Care Act, including:
  - a new 3.8% Unearned Income Medicare Contribution tax that applies to high-income tax returns;
  - tighter restrictions on what qualifies as an expenditure under Health Savings Accounts and Flexible Savings Accounts; and
  - an increase in the AGI threshold for the medical expenditures itemized deduction from 7.5% of AGI to 10% of AGI for taxpayers under 55.

## Income changes

The \$240 billion\* increase in individual taxable income reflected an approximately \$2,127 billion\* or 27%\* increase in aggregate AGI. Following are the income components of AGI shown by AGI cohort.

	2015					2010					Changes									
	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other <sup>1</sup>	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other <sup>1</sup>	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other <sup>1</sup>	Total AGI					
(In billions, except percentages)																				
Less than \$1	\$ 19	\$ 15	\$(42)	\$(195)	\$ (203)	\$ 23	\$ 11	\$(67)	\$(159)	\$ (192)	\$ (4)	\$ 4	\$ 25	\$(36)	\$ (11)	(17)%	36%	37%	(23)%	(6)%
\$1-\$50,000	1,586	11	7	362	1,966	1,521	—	3	424	1,948	65	11	4	(62)	18	4%	100%	133%	15%	1%
\$50,001-\$75K	943	11	10	255	1,219	895	3	8	245	1,151	48	8	2	10	68	5%	267%	25%	4%	6%
\$75,001-\$100K	837	14	13	247	1,111	783	6	12	212	1,013	54	8	1	35	98	7%	133%	8%	17%	10%
\$100,001-\$200K	1,847	52	59	512	2,470	1,440	20	44	349	1,853	407	32	15	163	617	28%	160%	34%	47%	33%
\$200,001-\$500K	1,031	82	129	273	1,515	667	35	92	171	965	364	47	37	102	550	55%	134%	40%	60%	57%
\$500,001-\$1 million	331	61	112	85	589	202	27	73	57	359	129	34	39	28	230	64%	126%	53%	49%	64%
Over \$1 million	436	447	330	220	1,433	274	229	217	156	876	162	218	113	64	557	59%	95%	52%	41%	64%
Total	\$ 7,030	\$ 693	\$ 618	\$ 1,759	\$ 10,100	\$ 5,805	\$ 331	\$ 382	\$ 1,455	\$ 7,973	\$ 1,225	\$ 362	\$ 236	\$ 304	\$ 2,127	21%	109%	62%	21%	27%

<sup>1</sup> See prior federal AGI tables for the definition of All Other.

## AGI by cohort

AGI increased for nearly all income cohorts, most significantly for the cohorts with AGI above \$100,000, a group which saw its aggregate AGI increase over \$1,954 billion\* or 48%\*. The cohort with the largest dollar increase in AGI is the one with AGI between \$100,001 and \$200,000, at an increase of \$617 billion\* or 33%\* in aggregate, driven primarily by higher wages and salaries. The cohort with the largest percentage increase in AGI is the one with AGI between \$500,001 and \$1 million, at an increase of 64%\* or \$230 billion\* in aggregate, driven primarily by higher wages and salaries. These increases in AGI were offset in part by an \$11 billion\* or 6%\* decrease in AGI for the cohort where AGI is less than \$1.

## AGI by income type

More than half\* of the overall \$2,127 billion\* increase in AGI was driven by higher wages and salaries, which increased \$1,225 billion\* or 21%\*. All cohorts with AGI greater than \$1 saw wage and salary growth. The largest dollar amount of growth, at an aggregate increase of \$407 billion\* or 28%\*, was for the cohort with AGI between \$100,001 and \$200,000. The highest rate of wage and salary growth, at 64%\* or \$129 billion\* in aggregate, was for the cohort with AGI between \$500,001 and \$1 million.

Net capital gains income increased \$362 billion\* or 109%\*, comprising more than 15%\* of the overall increase in AGI. All AGI cohorts saw increases in net capital gains income. The largest dollar amount of growth, at an aggregate increase of \$218 billion\* or 95%\*, was for the cohort with AGI over \$1 million. The highest rate of growth, at 267%\* or \$8 billion\* in aggregate, was for the cohort with AGI between \$50,001 and \$75,000. The average daily closing price of the S&P 500 during the federal fiscal year (October 1 to September 30) increased 85%, which may have contributed to increases in capital gains.

Partnership and S Corporation income increased \$236 billion\* or 62%\*, comprising a little over 10%\* of the overall increase in AGI. Most of the increase was for the cohorts with AGI between \$200,001 and \$1 million, where Partnership and S Corporation income increased an aggregate of \$189 billion\* or 49%\*. The highest rate of growth, at 133%\* or \$4 billion\* in aggregate, was for the cohort with AGI between \$1 and \$50,000.

## 2010 to 2015 | Payroll tax revenue

The \$201 billion increase in payroll tax revenue primarily reflected a \$140 billion or 22% increase in Social Security tax revenues, as well as a \$54 billion or 29% increase in Medicare tax revenues.

### Social Security payroll tax revenues

The increase in Social Security taxes primarily reflects a \$147 billion\* increase attributable to higher taxable income, driven by a \$1,043 billion\* or 20%\* increase in earnings subject to Social Security taxes.

### Medicare payroll tax revenues

The \$54 billion increase in Medicare tax revenues primarily reflects a \$42 billion\* increase attributable to higher taxable income, driven by a \$1,495 billion\* or 23%\* increase in earnings subject to Medicare taxes.

## 2010 to 2015 | Federal corporate income tax revenue

Federal corporate income tax revenues increased \$153 billion or 80%. There were no significant statutory tax rate changes during this period. Therefore, changes in federal corporate income tax revenues are primarily attributable to changes in corporate income and behavior. The IRS has not yet published 2015 C Corporation tax data by sector.

## 2010 to 2015 | State and local earnings on investments<sup>34</sup>

State and local earnings on investments decreased \$193 billion or 55% due to decreases in stock market performance, offset in part by a 43% increase in investment balances. Using state and local fiscal year (July 1 to June 30) starting and ending stock prices, there were 8%, 4%, 133%, and 981% decreases in the S&P 500, DAX, FTSE, and NIKKEI, respectively. The largest investment balance increases were in foreign and international securities, corporate stocks, and governmental securities.

## Fiscal year 2015 compared with fiscal year 2005

(In billions, except percentages)	2015			2005			Changes <sup>2</sup>					
	Total	Federal	State and Local <sup>1</sup>	Total	Federal	State and Local <sup>1</sup>	Total	Federal	State and Local <sup>1</sup>	Total	Federal	State and Local <sup>1</sup>
Individual income taxes	\$ 1,909	\$ 1,541	\$ 368	\$ 1,169	\$ 927	\$ 242	\$ 740	\$ 614	\$ 126	63%	66%	52%
Payroll taxes	1,082	1,082	—	805	805	—	277	277	—	34%	34%	—
Sales and excise taxes	643	98	545	457	73	384	186	25	161	41%	34%	42%
Property taxes	488	—	488	336	—	336	152	—	152	45%	—	45%
Corporate income taxes	401	344	57	321	278	43	80	66	14	25%	24%	33%
Other taxes	181	63	118	156	57	99	25	6	19	16%	11%	19%
Tax revenues	\$ 4,704	\$ 3,128	\$ 1,576	\$ 3,244	\$ 2,140	\$ 1,104	\$ 1,460	\$ 988	\$ 472	45%	46%	43%
Earnings on investments	\$ 159	\$ —	\$ 159	\$ 268	\$ —	\$ 268	\$ (109)	\$ —	\$ (109)	(41)%	—	(41)%
Federal Reserve earnings	97	97	—	19	19	—	78	78	—	411%	411%	—
Sales of government resources	53	35	18	19	6	13	34	29	5	179%	483%	38%
Other non-tax revenues	163	41	122	93	7	86	70	34	36	75%	486%	42%
Total non-tax revenues	\$ 472	\$ 173	\$ 299	\$ 399	\$ 32	\$ 367	\$ 73	\$ 141	\$ (68)	18%	441%	(19)%
Total revenues	\$ 5,176	\$ 3,301	\$ 1,875	\$ 3,643	\$ 2,172	\$ 1,471	\$ 1,533	\$ 1,129	\$ 404	42%	52%	27%
Estimated impact of inflation on total revenues							\$ 814	\$ 485	\$ 329	22%	22%	22%
Estimated impact of population growth on total revenues							288	172	116	8%	8%	8%

<sup>1</sup> State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

## 2005 to 2015 | Federal individual income tax revenue

The \$614 billion federal individual income tax revenue increase included \$362 billion\* attributable to higher individual taxable income and \$252 billion\* attributable to changes in average tax rates.

### Income changes

The increase in taxable income reflected an approximately \$2,836 billion\* or 39%\* increase in aggregate AGI. Following are the income components of AGI shown by AGI cohort.

(In billions, except percentages)	2015					2005					Changes				
	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other <sup>1</sup>	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other <sup>1</sup>	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other <sup>1</sup>	Total AGI
Less than \$1	\$ 19	\$ 15	\$ (42)	\$ (195)	\$ (203)	\$ 18	\$ 8	\$ (29)	\$ (82)	\$ (85)	\$ 1	\$ 7	\$ (13)	\$ (113)	\$ (118)
\$1-\$50K	1,586	11	7	362	1,966	1,520	10	5	342	1,877	66	1	2	20	89
\$50,001-\$75K	943	11	10	255	1,219	901	12	9	201	1,123	42	(1)	1	54	96
\$75,001-\$100K	837	14	13	247	1,111	714	16	11	152	893	123	(2)	2	95	218
\$100,001-\$200K	1,847	52	59	512	2,470	1,057	56	42	240	1,395	790	(4)	17	272	1,075
\$200,001-\$500K	1,031	82	129	273	1,515	460	88	82	131	761	571	(6)	47	142	754
\$500,001-\$1 million	331	61	112	85	589	163	64	63	50	340	168	(3)	49	35	249
Over \$1 million	436	447	330	220	1,433	264	361	198	137	960	172	86	132	83	473
Total	\$ 7,030	\$ 693	\$ 618	\$ 1,759	\$ 10,100	\$ 5,097	\$ 615	\$ 381	\$ 1,171	\$ 7,264	\$ 1,933	\$ 78	\$ 237	\$ 588	\$ 2,836
											38%	13%	62%	50%	39%

<sup>1</sup> See prior federal AGI tables for the definition of All Other.

### AGI by cohort

The largest increases in AGI were for the cohorts with AGI above \$100,000, a group which saw its aggregate AGI increase over \$2,551 billion\* or 74%\*. The cohort with the largest dollar increase in AGI is the one with AGI between

\$100,001 and \$200,000, at an increase of \$1.1 trillion\* or 77%\* in aggregate, driven primarily by higher wages and salaries. The cohort with the largest percentage increase in AGI is the one with AGI between \$200,001 and \$500,000, at an increase of 99%\* or \$754 billion\* in aggregate, driven primarily by higher wages and salaries. These increases in AGI were offset in part by a \$118 billion\* or 139%\* decrease in AGI for the cohort where AGI is less than \$1.

### AGI by income type

Over 65%\* of the \$2,836 billion\* increase in AGI was driven by higher wages and salaries, which increased \$1,933 billion\* or 38%\*. All AGI cohorts saw wage and salary growth. The largest dollar amount of growth, at an aggregate increase of \$790 billion\* or 75%\*, was for the cohort with AGI between \$100,001 and \$200,000. The highest rate of growth, at 124%\* or \$571 billion\* in aggregate, was for the cohort with AGI between \$200,001 and \$500,000.

Partnership and S Corporation income increased \$237 billion\* or 62%\*, comprising just over 8%\* of the overall increase in AGI. More than 75%\* of the increase was for the top two cohorts, where AGI is above \$500,000, which saw an aggregate increase in Partnership and S Corporation income of \$181 billion\* or 69%\*. The highest rate of growth, at 78%\* or \$49 billion\* in aggregate, was for the cohort with AGI between \$500,001 and \$1 million.

Net capital gains income increased \$78 billion\* or 13%\*, comprising less than 5%\* of the overall increase in AGI. Most AGI cohorts saw modest decreases in net capital gains income. The largest dollar amount of growth, at \$86 billion\* or 24%\*, was for the cohort with AGI over \$1 million. The highest rate of growth, at 88%\* or \$7 billion\* in aggregate, was for the cohort with AGI less than \$1. The average daily closing price of the S&P 500 during the federal fiscal year (October 1 to September 30) increased 72%.

### Tax rate changes

Key changes in statutory federal individual income tax rates were the same as those discussed above under *Fiscal year 2015 compared with fiscal year 2010*.

## 2005 to 2015 | Payroll tax revenue

The \$277 billion increase in payroll tax revenue primarily reflected a \$198 billion or 34% increase in Social Security tax revenues, as well as a \$69 billion or 41% increase in Medicare tax revenues.

### Social Security payroll tax revenues

The \$198 billion increase in Social Security tax revenues primarily reflects a \$203 billion\* increase attributable to higher taxable income, driven by a \$1,628 billion\* or 35%\* increase in earnings subject to Social Security taxes.

### Medicare payroll tax revenues

The \$69 billion increase in Medicare tax revenue primarily reflects a \$63 billion\* increase attributable to higher taxable income, driven by a \$2,185 billion\* or 37%\* increase in earnings subject to Medicare taxes.

## 2005 to 2015 | State and local sales and excise taxes

The \$161 billion growth in revenue from sales and excise taxes reflects a \$106 billion or 40% increase in general sales tax revenues and a \$55 billion or 46% increase in selective sales tax revenues.

### General sales tax revenues

General sales tax revenues increased due to increases in both sales tax rates and consumption of taxable goods and services. State-level general sales tax rates in 17 states increased by varying amounts, offset in part by a decrease to a lesser degree in one state.<sup>35</sup> Many local governments also raised general sales tax rates. Consumption of most categories of taxable goods and services increased during the period, led by recreation and entertainment, food and beverages away from home, and household supplies, jewelry, and personal care.

### Selective sales tax revenues

Selective sales taxes increased across every category, led by increases in insurance premiums, public utilities, motor fuels, alcohol, tobacco, and amusement taxes due to increases in both selective sales tax rates and consumption of taxable goods and services. We are not aware of an aggregated source of data for state and local government tobacco, insurance premium, public utility, or amusement tax rates. The unweighted average of gas tax rates across all states increased approximately 10% during this period.<sup>35</sup> Consumption of goods and services subject to selective sales taxes increased across nearly every category, led by communications, household utilities and fuels, and alcohol.

## 2005 to 2015 | Property taxes

The \$152 billion growth in revenue from property taxes reflects an approximately 7% increase in the value of real estate held by households and businesses. In addition, property tax rates increased, including growth of 16% in the aggregate unweighted average of the nominal residential property tax rate for the largest city in each state.<sup>35</sup>

## 2005 to 2015 | State and local earnings on investments<sup>34</sup>

State and local earnings on investments decreased \$109 billion or 41%, driven by decreases in stock market performance, offset in part by a 42% increase in investment balances. Using state and local fiscal year (July 1 to June 30) starting and ending stock prices, there were 134% and 1,946%, decreases in the FTSE and NIKKEI, respectively, and 104% and 108% increases in the S&P 500 and DAX, respectively. The largest investment balance increases were in corporate stocks and foreign and international securities.

## Expenditures by function<sup>36</sup>


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

## Fiscal year 2015 compared with fiscal year 2014

(In billions, except percentages)	2015			2014			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Transfer payments to individuals and subsidies	\$ 2,696	\$ 2,034	\$ 662	\$ 2,536	\$ 1,943	\$ 593	\$ 160	\$ 91	\$ 69	6%	5%	12%
Personnel and compensation	1,513	550	963	1,461	540	921	52	10	42	4%	2%	5%
Payments to others for goods and services	701	160	541	630	89	541	71	71	—	11%	80%	—%
Capital expenditures	483	149	334	477	155	322	6	(6)	12	1%	(4)%	4%
Net interest paid	297	223	74	303	229	74	(6)	(6)	—	(2)%	(3)%	—%
Other	(30)	(30)	—	(22)	(22)	—	(8)	(8)	—	(36)%	(36)%	—%
Total expenditures	\$ 5,660	\$ 3,086	\$ 2,574	\$ 5,385	\$ 2,934	\$ 2,451	\$ 275	\$ 152	\$ 123	5%	5%	5%
Estimated impact of inflation on total expenditures							\$ 17	\$ 9	\$ 8	—%	—%	—%
Estimated impact of population growth on total expenditures							1	1	0	—%	—%	—%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

 INTERACTIVE ANALYSIS

## 2014 to 2015 | Federal transfer payments to individuals and subsidies

The \$91 billion increase in federal transfer payments to individuals and subsidies reflects increases across all categories except unemployment insurance. The most significant changes are discussed below.

### Social Security (Old Age, Survivor, and Disability Insurance, or OASDI)

Social Security payments increased \$37 billion or 4%, driven by:

- a 1.0 million person or 2% increase in the number of OASDI recipients, including an increase of 2% for Old Age and Survivor Insurance (OASI), offset in part by a decrease of 1% for Disability Insurance (DI); and
- a 2% increase in the average monthly benefit payment, including increases of \$34 or 3% for OASI and \$22 or 2% for DI. OASDI benefit payments are indexed for inflation.

The average OASI recipient age remained 71 during these periods.

### Medicare

Medicare payments (net of premiums received) increased \$37 billion or 6%, reflecting a 1.3 million\* person or 2%\* increase in Medicare enrollees, and a 2%\* increase in average costs per beneficiary (net of premiums received). Medicare premiums received increased \$3 billion or 4% during this period.

Our population aged 65 years and older (one eligibility requirement for Medicare) grew by 3% during this period. General medical care cost inflation for this period was 3%, with prices of medical commodities and medical services inflating 4% and 2%, respectively.

## 2014 to 2015 | State and local transfer payments to individuals and subsidies

The \$69 billion increase in state and local transfer payments to individuals and subsidies was driven by a \$65 billion or 14% increase in Medicaid and CHIP payments. This increase reflects:

- a 6.1 million or 10% growth in person-year equivalent enrollment, driven by 4.8 million enrollees newly eligible for Medicaid through the Affordable Care Act; and
- a \$290 or 4% increase in annual per enrollee spending, driven by an \$829 or 4% increase in per enrollee spending for the disabled, the most expensive group served, offset in part by a \$303 or 2% decrease in per enrollee spending for the aged, the second most expensive group served.

The majority of the growth in Medicaid benefit expenditures was in the form of capitation payments, which are payments made to Medicaid healthcare providers at a set amount for each enrolled person assigned to them during the period, based on average expected healthcare utilization for that enrollee, regardless of whether the enrollee seeks care.

## 2014 to 2015 | Federal payments to others for goods and services

The \$71 billion increase in federal payments to others for goods and services was driven in large part by a \$52 billion or 72% decrease in proceeds from Fannie Mae and Freddie Mac investments.

## Fiscal year 2015 compared with fiscal year 2010

(In billions, except percentages)	2015			2010			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Transfer payments to individuals and subsidies	\$2,696	\$ 2,034	\$ 662	\$2,270	\$ 1,775	\$ 495	\$426	\$ 259	\$ 167	19%	15%	34%
Personnel and compensation	1,513	550	963	1,348	521	827	165	29	136	12%	6%	16%
Payments to others for goods and services	701	160	541	716	182	534	(15)	(22)	7	(2)%	(12)%	1%
Capital expenditures	483	149	334	550	195	355	(67)	(46)	(21)	(12)%	(24)%	(6)%
Net interest paid	297	223	74	256	196	60	41	27	14	16%	14%	23%
Other	(30)	(30)	—	(6)	(6)	—	(24)	(24)	—	(400)%	(400)%	—%
Total expenditures	\$5,660	\$ 3,086	\$ 2,574	\$5,134	\$ 2,863	\$ 2,271	\$526	\$ 223	\$ 303	10%	8%	13%
Estimated impact of inflation on total expenditures							\$457	\$ 255	\$ 202	9%	9%	9%
Estimated impact of population growth on total expenditures							169	94	75	3%	3%	3%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

## 2010 to 2015 | Federal transfer payments to individuals and subsidies

The \$259 billion increase in federal transfer payments to individuals and subsidies reflects increases across all categories except unemployment insurance benefits payments. The most significant changes are discussed below.

### Social Security

Social Security payments increased \$181 billion or 26%, driven by:

- a 6.1 million person or 11% increase in the number of OASDI recipients, including increases of 5.3 million recipients or 12% for OASI and 0.8 million recipients or 8% for DI; and
- a 13% increase in the average monthly benefit payment, including increases of \$163 or 15% for OASI and \$100 or 11% for DI.

The average OASI recipient age remained 71 during these periods.

### Medicare

Medicare payments (net of premiums received) increased \$112 billion or 22%, driven by a 7.5 million\* person or 16%\* increase in Medicare enrollees and a 7%\* increase in average costs per beneficiary (net of premiums received). Medicare premiums received increased \$14 billion or 23% during this period.

Our population aged 65 years and older (one eligibility requirement for Medicare) grew by 19% during this period. General medical care cost inflation was 15%, with prices of medical commodities inflating 13% and medical services inflating 16%.

## Veterans benefits

Veterans benefits payments increased \$46 billion or 44%, despite a 4% decline in the number of veterans. The increase in payments reflects a \$26 billion or 60% increase in veterans service-connected compensation payments, a \$14 billion or 30% increase in payments for hospital and medical care for veterans, and a \$5 billion or 55% increase in veteran readjustment benefit expenditures.

The 60% increase in service-connected compensation payments was driven primarily by a 27% increase in the number of disability compensation and pension benefits recipients and a 27% increase in the average annual disability compensation payment. These increases were driven by policy that made it easier for veterans to claim benefits, the recent conflicts in Iraq and Afghanistan, and difficult labor market conditions early in this period.

The 30% increase in payments for hospital and medical care for veterans was driven by increased medical personnel, direct patient care costs, purchases of medical equipment and related information technology support, pharmaceuticals, and medical services infrastructure costs. There was a 12% increase in the number of patients who received care at a Veterans Health Administration facility.

The 55% increase in veteran readjustment benefit expenditures was driven by a 27% increase in the number of veterans receiving educational program benefits and more generous benefits. These increases were driven by the Post-9/11 GI Bill, through which additional educational benefits became available August 1, 2009. The basic benefits include 36 months of full-time education benefits, including tuition and fees, monthly housing allowance, and a books and supplies stipend.

## Unemployment insurance

The increases in the categories above were offset in part by a decrease in unemployment insurance payments of \$126 billion or 79%, driven by an approximately 78%\* decrease in the total number of weeks of unemployment claimed, as the economy recovered from the Great Recession.

## 2010 to 2015 | State and local transfer payments to individuals and subsidies

The \$167 billion increase in state and local transfer payments to individuals and subsidies was driven by a \$156 billion or 44% increase in Medicaid and CHIP payments. This increase reflects:

- 16.3 million or 30% growth in person-year equivalent enrollment, driven by 2.5 million adults (20% growth), 2.1 million children (8% growth), 1.3 million disabled enrollees (14% growth), and 9.1 million enrollees newly eligible for Medicaid through the Affordable Care Act; and
- a \$1,112 or 16% increase in annual per enrollee spending, driven by a \$2,515 or 15% increase in per enrollee spending for the disabled, the most expensive group served, offset in part by a \$1,172 or 8% decrease in per enrollee spending for the aged, the second most expensive group served.

The majority of the growth in Medicaid benefit expenditures was in the form of capitation payments, which are payments made to Medicaid healthcare providers at a set amount for each enrolled person assigned to them during the period, based on average expected healthcare utilization for that enrollee, regardless of whether the enrollee seeks care.

## Fiscal year 2015 compared with fiscal year 2005

(In billions, except percentages)	2015			2005			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Transfer payments to individuals and subsidies	\$ 2,696	\$ 2,034	\$ 662	\$ 1,507	\$ 1,127	\$ 380	\$ 1,189	\$ 907	\$ 282	79%	80%	74%
Personnel and compensation	1,513	550	963	1,091	412	679	422	138	284	39%	33%	42%
Payments to others for goods and services	701	160	541	627	221	406	74	(61)	135	12%	(28)%	33%
Capital expenditures	483	149	334	395	117	278	88	32	56	22%	27%	20%
Net interest paid	297	223	74	216	184	32	81	39	42	38%	21%	131%
Other	(30)	(30)	—	(6)	(6)	—	(24)	(24)	—	(400)%	(400)%	—%
Total expenditures	\$ 5,660	\$ 3,086	\$ 2,574	\$ 3,830	\$ 2,055	\$ 1,775	\$ 1,830	\$ 1,031	\$ 799	48%	50%	45%
Estimated impact of inflation on total expenditures							\$ 856	\$ 458	\$ 397	22%	22%	22%
Estimated impact of population growth on total expenditures							303	163	140	8%	8%	8%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

## 2005 to 2015 | Federal transfer payments to individuals and subsidies

The \$907 billion increase in federal transfer payments to individuals and subsidies reflects increases across all categories. The most significant changes are discussed below.

## **Social Security**

Social Security payments increased \$363 billion or 70%, driven by:

- an 11.5 million person or 24% increase in the number of OASDI recipients, including increases of 8.9 million recipients or 22% for OASI and 2.6 million recipients or 31% for DI; and
- a 38% increase in the average monthly benefit payment, including increases of \$368 or 41% for OASI and \$259 or 34% for DI.

The average OASI recipient age remained 71 during these periods.

## **Medicare**

Medicare payments (net of premiums received) increased \$291 billion or 88%, reflecting a 12.5 million\* person or 30%\* increase in Medicare enrollees combined with a 56%\* increase in average cost per beneficiary (net of premiums received). Medicare premiums received increased \$37 billion or 96% during this period.

Our population aged 65 years and older (one eligibility requirement for Medicare) grew by 30% during this period. General medical care cost inflation was 39%, with prices of medical commodities inflating 29% and medical services inflating 42%.

## **Veterans benefits**

Veterans benefits payments increased \$82 billion or 119%, despite an 11% decline in the number of veterans. The increase in payments reflects a \$39 billion or 126% increase in veterans service-connected compensation payments, a \$32 billion or 105% increase in payments for hospital and medical care for veterans, and a \$10 billion or 318% increase in veteran readjustment benefit expenditures.

The 126% increase in service-connected compensation payments was driven primarily by a 50% increase in the number of disability compensation and pension benefits recipients and a 62% increase in the average annual disability compensation payment. These increases were driven by policy that made it easier for veterans to claim benefits, the recent conflicts in Iraq and Afghanistan, and difficult labor market conditions during this period.

The 105% increase in payments for hospital and medical care for veterans were driven by increased medical personnel, direct patient care costs, purchases of medical equipment and related information technology support, pharmaceuticals, and medical services infrastructure costs. The number of patients who received care at a Veterans Health Administration Facility is not available for 2005. However, as a proxy for change in the past decade, there was a 19% increase in the number of patients who received care at a Veterans Health Administration facility when comparing 2015 to 2004.

The 318% increase in veteran readjustment benefit expenditures was driven by a 104% increase in the number of veterans receiving educational program benefits and more generous benefits. These increases were driven by the Post-9/11 GI Bill, through which additional educational benefits became available August 1, 2009.

## **2005 to 2015 | State and local transfer payments to individuals and subsidies**

The \$282 billion increase in state and local transfer payments to individuals and subsidies was driven by a \$226 billion or 79% increase in Medicaid and CHIP payments. This increase reflects:

- 23.7 million or 51% growth in person-year equivalent enrollment, driven by 5.8 million children (26% growth), 4.8 million adults (46% growth), and 9.1 million enrollees newly eligible for Medicaid through the Affordable Care Act; and
- a \$1,264 or 19% increase in per enrollee spending per year, driven by a \$3,766 or 24% increase in per enrollee spending for the disabled, the most expensive group served, offset in part by an \$851 or 6% decrease in per enrollee spending for the aged, the second most expensive group served.

The majority of the growth in Medicaid benefit expenditures was in the form of capitation payments, which are payments made to Medicaid healthcare providers at a set amount for each enrolled person assigned to them during the period, based on average expected healthcare utilization for that enrollee, regardless of whether the enrollee seeks care.

## **2005 to 2015 | State and local personnel and compensation**

The \$284 billion increase in state and local personnel and compensation payments comprised growth of \$159 billion or 30% in compensation for current employees and \$125 billion or 75% in compensation for former employees.



### Current employees

The 30% increase in compensation for current employees was driven by a 20%\*\* of \$6.58\*\* per hour increase in compensation (excluding pension), including 17%\*\* growth in wages and salaries and 42%\*\* growth in health insurance benefits. In addition, there was a net 1%\*\* increase in the number of state and local government full-time equivalent employees, including a 3%\*\* increase in full-time equivalent non-education employees.

### Former employees

The 75% increase in compensation for former employees was driven by a 29% increase in the number of retirees receiving periodic benefits and a 45% increase in the average benefit payment per recipient. The increase in number of retirees receiving benefits may be driven in part by our aging population; our population aged 65 years and older grew by 30% during this period.

## Expenditures by segment<sup>36</sup>

(In billions, except percentages)	2015			2014			Changes					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Justice and Domestic Tranquility	\$ 406	\$ 45	\$ 361	\$ 396	\$ 44	\$ 352	\$ 10	\$ 1	\$ 9	3%	2%	3%
Common Defense	811	810	1	813	812	1	(2)	(2)	—	—%	—%	—%
General Welfare	1,323	441	882	1,232	420	812	91	21	70	7%	5%	9%
Blessings of Liberty	2,978	1,803	1,175	2,789	1,657	1,132	189	146	43	7%	9%	4%
General government support and other	142	(13)	155	155	1	154	(13)	(14)	1	(8)%	(1400)%	1%
Total expenditures	\$ 5,660	\$ 3,086	\$ 2,574	\$ 5,385	\$ 2,934	\$ 2,451	\$ 275	\$ 152	\$ 123	5%	5%	5%
Estimated impact of inflation on total expenditures							\$ 17	\$ 9	\$ 8	—%	—%	—%
Estimated impact of population growth on total expenditures							1	1	0	—%	—%	—%

(In billions, except percentages)	2015			2010			Changes					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Justice and Domestic Tranquility	\$ 406	\$ 45	\$ 361	\$ 382	\$ 44	\$ 338	\$ 24	\$ 1	\$ 23	6%	2%	7%
Common Defense	811	810	1	861	860	1	(50)	(50)	—	(6)%	(6)%	—%
General Welfare	1,323	441	882	1,147	425	722	176	16	160	15%	4%	22%
Blessings of Liberty	2,978	1,803	1,175	2,573	1,521	1,052	405	282	123	16%	19%	12%
General government support and other	142	(13)	155	171	13	158	(29)	(26)	(3)	(17)%	(200)%	(2)%
Total expenditures	\$ 5,660	\$ 3,086	\$ 2,574	\$ 5,134	\$ 2,863	\$ 2,271	\$ 526	\$ 223	\$ 303	10%	8%	13%
Estimated impact of inflation on total expenditures							\$ 457	\$ 255	\$ 202	9%	9%	9%
Estimated impact of population growth on total expenditures							169	95	75	3%	3%	3%

(In billions, except percentages)	2015			2005			Changes					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Justice and Domestic Tranquility	\$ 406	\$ 45	\$ 361	\$ 311	\$ 35	\$ 276	\$ 95	\$ 10	\$ 85	31%	29%	31%
Common Defense	811	810	1	608	607	1	203	203	—	33%	33%	—%
General Welfare	1,323	441	882	837	269	568	486	172	314	58%	64%	55%
Blessings of Liberty	2,978	1,803	1,175	1,943	1,136	807	1,035	667	368	53%	59%	46%
General government support and other	142	(13)	155	131	8	123	11	(21)	32	8%	(263)%	26%
Total expenditures	\$ 5,660	\$ 3,086	\$ 2,574	\$ 3,830	\$ 2,055	\$ 1,775	\$ 1,830	\$ 1,031	\$ 799	48%	50%	45%
Estimated impact of inflation on total expenditures							\$ 856	\$ 458	\$ 397	22%	22%	22%
Estimated impact of population growth on total expenditures							303	163	140	8%	8%	8%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this Annual Report).

## Justice and Domestic Tranquility (JDT)

This segment's expenditures comprise a small portion (7%) of the overall Government budget. The majority (more than 75%) of this segment's expenditures comprises state and local government crime and disaster expenditures, primarily (more than 65%) law enforcement and corrections expenditures. See Exhibit 99.05 for more information on the largest items in each of this segment's expenditure categories.

## Fiscal year 2015 compared with fiscal year 2014

(In billions, except percentages)	2015			2014			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Crime and disaster	\$ 309	\$ 38	\$ 271	\$ 303	\$ 38	\$ 265	\$ 6	\$ —	\$ 6	2%	—%	2%
Child safety and miscellaneous social services	76	—	76	73	—	73	3	—	3	4%	—%	4%
Safeguarding consumers and employees	21	7	14	20	6	14	1	1	—	5%	17%	—%
Total Justice and Domestic Tranquility	\$ 406	\$ 45	\$ 361	\$ 396	\$ 44	\$ 352	\$ 10	\$ 1	\$ 9	3%	2%	3%
As a percentage of total expenditures	7%	1%	14%	7%	1%	14%						
Estimated impact of inflation on segment expenditures							\$ 1	\$ —	\$ —	—%	—%	—%
Estimated impact of population growth on segment expenditures							—	—	—	—%	—%	—%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

[INTERACTIVE ANALYSIS](#)

### Crime and disaster

The \$6 billion increase in state and local crime and disaster expenditures was driven primarily by a \$5 billion or 3% increase in law enforcement and corrections and a \$2 billion or 4% increase in fire protection costs.

The \$5 billion increase in law enforcement (\$3 billion) and corrections (\$2 billion) expenditures reflects an increase of \$3 billion or 3% in annualized gross payroll costs for state and local police and corrections officers, and an increase in the number of officers of less than 1%. Comparing these years, there was a 2% decrease in both the number of people incarcerated in local jails and state prisons.

The \$2 billion increase in fire protection costs reflects a \$590 million or 2% increase in annualized gross payroll costs for state and local firefighters, while the change in the number of state and local firefighters was negligible.

### Child safety and miscellaneous social services

The \$3 billion increase in state and local child safety and miscellaneous social services expenditures was due to a \$3 billion or 4% increase in the costs of public welfare operations. Costs included in this category are for welfare activities not included elsewhere, including administration of medical and cash assistance and regulation of private welfare activities.

## Fiscal year 2015 compared with fiscal year 2010

(In billions, except percentages)	2015			2010			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Crime and disaster	\$ 309	\$ 38	\$ 271	\$ 290	\$ 37	\$ 253	\$ 19	\$ 1	\$ 18	7%	3%	7%
Child safety and miscellaneous social services	76	—	76	71	—	71	5	—	5	7%	—%	7%
Safeguarding consumers and employees	21	7	14	21	7	14	—	—	—	—%	—%	—%
Total Justice and Domestic Tranquility	\$ 406	\$ 45	\$ 361	\$ 382	\$ 44	\$ 338	\$ 24	\$ 1	\$ 23	6%	2%	7%
As a percentage of total expenditures	7%	1%	14%	7%	2%	15%						
Estimated impact of inflation on segment expenditures							\$ 34	\$ 4	\$ 30	9%	9%	9%
Estimated impact of population growth on segment expenditures							13	1	12	3%	3%	3%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

The \$18 billion increase in state and local crime and disaster expenditures was driven primarily by a \$13 billion or 10% increase in law enforcement and corrections costs, and a \$4 billion or 11% increase in fire protection costs.

The \$13 billion increase in law enforcement (\$9 billion) and corrections (\$4 billion) expenditures reflects an increase of \$6 billion or 6% in annualized gross payroll costs for state and local police and corrections officers, despite a 4% decrease in the number of officers. Comparing these years, there was a 3% and 5% decrease in the number of people incarcerated in local jails and state prisons, respectively.

The \$4 billion increase in fire protection costs reflects an increase of \$2 billion or 10% in annualized gross payroll costs for state and local firefighters, in part due to a 5% increase in the number of state and local firefighters.

## Fiscal year 2015 compared with fiscal year 2005

(In billions, except percentages)	2015			2005			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Crime and disaster	\$ 309	\$ 38	\$ 271	\$ 231	\$ 32	\$ 199	\$ 78	\$ 6	\$ 72	34%	19%	36%
Child safety and miscellaneous social services	76	—	76	64	—	64	12	—	12	19%	—%	19%
Safeguarding consumers and employees	21	7	14	16	3	13	5	4	1	31%	133%	8%
Total Justice and Domestic Tranquility	\$ 406	\$ 45	\$ 361	\$ 311	\$ 35	\$ 276	\$ 95	\$ 10	\$ 85	31%	29%	31%
As a percentage of total expenditures	7%	1%	14%	8%	2%	16%						
Estimated impact of inflation on segment expenditures							\$ 70	\$ 8	\$ 62	22%	22%	22%
Estimated impact of population growth on segment expenditures							25	3	22	8%	8%	8%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

The \$72 billion increase in state and local crime and disaster expenditures was driven mainly by a \$49 billion or 37% increase in costs of law enforcement and corrections, reflecting a \$31 billion or 42% increase in law enforcement expenditures and an \$18 billion or 30% increase in corrections expenditures.

The \$31 billion increase in law enforcement expenditures was driven mainly by a \$30 billion or 43% increase in police protection operations costs. Annualized gross payroll costs for state and local police officers grew \$15 billion or 32% during this period, while the change in the number of state and local police officers was negligible.

The \$18 billion increase in corrections expenditures comprised mainly a \$17 billion or 38% increase in correctional operations costs. Annualized gross payroll costs for state and local corrections officers grew \$8 billion or 28% during this period, while the number of correctional officers decreased by 1%. Comparing these years, there was a 3% and 1% decrease in the number of people incarcerated in local jails and state prisons, respectively.

## Common Defense

This segment's expenditures currently comprise a relatively small portion (14%) of the overall Government budget. Slightly less than 75% of this segment's expenditures are costs of national defense, while most of the rest (nearly 20%) comprise costs of support for veterans. See Exhibit 99.05 for more information on the largest items in each of this segment's expenditure categories.

## Fiscal year 2015 compared with fiscal year 2014

(In billions, except percentages)	2015			2014			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
National defense	\$ 590	\$ 590	\$ —	\$ 604	\$ 604	\$ —	\$ (14)	\$ (14)	\$ —	(2)%	(2)%	—%
Support for veterans	159	158	1	149	148	1	10	10	—	7%	7%	—%
Foreign affairs and foreign aid	49	49	—	47	47	—	2	2	—	4%	4%	—%
Immigration and border security	13	13	—	13	13	—	—	—	—	—%	—%	—%
Total Common Defense	\$ 811	\$ 810	\$ 1	\$ 813	\$ 812	\$ 1	\$ (2)	\$ (2)	—	—%	—%	—%
As a percentage of total expenditures	14%	14%	—%	14%	14%	—%						
Estimated impact of inflation on segment expenditures							\$ 3	\$ 3	—	—%	—%	—%
Estimated impact of population growth on segment expenditures							—	—	—	—%	—%	—%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

[INTERACTIVE ANALYSIS](#)

## National defense

The \$14 billion decrease in national defense expenditures reflected:

- a \$5 billion or 8% decline in Army operation and maintenance expenditures, which fund the recruiting, organizing, sustaining, equipping, and training of the Army for land combat operations, as well as programs supporting soldiers, their families, and Army civilians in the day-to-day operation of installations worldwide;
- a \$4 billion or 487% decline in the working capital fund, which provides logistical, maintenance, munitions, and information services in support of military readiness, across all military branches; and
- a \$4 billion or 4% decline in military personnel expenditures of the Army, Air Force, and Marine Corps. Military personnel expenditures increased \$1 billion or 3% for the Navy.

Comparing 2015 to 2014, there was a 2% decrease in the number of active duty military personnel and a 1% increase in the number of civilian military personnel.

### Support for veterans

The \$10 billion increase in support for veterans expenditures was driven primarily by a \$5 billion\* or 8%\* increase in pension and benefits expenditures and a \$5 billion\* or 9%\* increase in veterans medical care costs.

The 8%\* increase in pension and benefits expenditures was driven primarily by a 210 thousand or 5% increase in both the number of disability compensation and pension benefits recipients and a \$712 or 5% increase in the average annual disability compensation payment.

The 9%\* increase in veterans medical care costs was driven by increased employee compensation and benefits for medical personnel (\$2 billion), contract services mainly for non-VA medical care provided to veterans (\$1 billion), and materials and supplies expense primarily for pharmaceuticals (\$2 billion).

## Fiscal year 2015 compared with fiscal year 2010

(In billions, except percentages)	2015			2010			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
National defense	\$ 590	\$ 590	\$ —	\$ 693	\$ 693	\$ —	\$ (103)	\$ (103)	\$ —	(15)%	(15)%	—%
Support for veterans	159	158	1	109	108	1	50	50	—	46%	46%	—%
Foreign affairs and foreign aid	49	49	—	45	45	—	4	4	—	9%	9%	—%
Immigration and border security	13	13	—	14	14	—	(1)	(1)	—	(7)%	(7)%	—%
Total Common Defense	\$ 811	\$ 810	\$ 1	\$ 861	\$ 860	\$ 1	\$ (50)	\$ (50)	\$ —	(6)%	(6)%	—%
As a percentage of total expenditures	14%	14%	—%	15%	15%	—%						
Estimated impact of inflation on segment expenditures							\$ 77	\$ 77	\$ —	9%	9%	9%
Estimated impact of population growth on segment expenditures							28	28	—	3%	3%	3%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

### National defense

The \$103 billion decrease in national defense expenditures reflected:

- a \$34 billion or 40% decline in Army operation and maintenance expenditures;
- a \$31 billion or 59% decline in military procurement expenditures, mostly for the Army and for the procurement of items other than aircraft, missiles, ammunition, or weapons and tracked combat vehicles; and
- a \$13 billion or 17% decline in research, development, test, and evaluation expenditures across all military branches.

Comparing these years, there were decreases of 8% and 5% in the number of active duty military personnel and civilian military personnel, respectively.

### Support for veterans

The \$50 billion increase in support for veterans expenditures is driven primarily by a \$46 billion increase in benefits payments, as discussed above under *Expenditures by function, 2010 to 2015 / Federal transfer payments to individuals and subsidies, Veterans benefits*.

## Fiscal year 2015 compared with fiscal year 2005

(In billions, except percentages)	2015			2005			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
National defense	\$ 590	\$ 590	\$ —	\$ 495	\$ 495	\$ —	\$ 95	\$ 95	\$ —	19%	19%	—%
Support for veterans	159	158	1	71	70	1	88	88	—	124%	126%	—%
Foreign affairs and foreign aid	49	49	—	35	35	—	14	14	—	40%	40%	—%
Immigration and border security	13	13	—	7	7	—	6	6	—	86%	86%	—%
Total Common Defense	\$ 811	\$ 810	\$ 1	\$ 608	\$ 607	\$ 1	\$ 203	\$ 203	\$ —	33%	33%	—%
As a percentage of total expenditures	14%	14%	—%	11%	11%	—%						
Estimated impact of inflation on segment expenditures							\$ 136	\$ 136	\$ —	22%	22%	22%
Estimated impact of population growth on segment expenditures							48	48	—	8%	8%	8%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

### National defense

The \$95 billion increase in national defense expenditures reflects:

- a \$43 billion or 44% increase in operation and maintenance expenditures across nearly all military branches, offset in part by a \$8 billion or 14% decrease in operation and maintenance expenditures for the Army;
- a \$15 billion or 50% increase in military procurement expenditures across all military branches, with the largest increases at \$9 billion for the Navy and \$3 billion for the Air Force, primarily for aircraft procurement and other procurement; and
- a \$14 billion or 79% increase in costs of the Defense Health Program, which provides medical and dental services to active forces and other eligible beneficiaries worldwide, across all military branches.

Comparing these years, there was a 5% decrease in the number of active duty military personnel and a 9% increase in the number of civilian military personnel.

### Support for veterans

The \$88 billion increase in support for veterans expenditures is primarily driven by an \$82 billion increase in benefits payments, as discussed above under *Expenditures by function, 2005 to 2015 / Federal transfer payments to individuals and subsidies, Veterans benefits*.

## General Welfare (GW)

This segment's expenditures comprise nearly a quarter of the overall Government budget. Expenditures for standard of living and aid to the disadvantaged comprise 71% of this segment's expenditures. More than half of the expenditures for standard of living and aid to the disadvantaged are for state and local medical assistance to the poor, including Medicaid and CHIP. See Exhibit 99.05 for more information on the largest items in each of this segment's expenditure categories.

## Fiscal year 2015 compared with fiscal year 2014

(In billions, except percentages)	2015			2014			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Economy and infrastructure	\$ 238	\$ 57	\$ 181	\$ 221	\$ 48	\$ 173	\$ 17	\$ 9	\$ 8	8%	19%	5%
Standard of living and aid to the disadvantaged	938	337	601	862	325	537	76	12	64	9%	4%	12%
Health (excluding Medicaid and Medicare)	147	47	100	149	47	102	(2)	—	(2)	(1)%	—%	(2)%
Total General Welfare	\$ 1,323	\$ 441	\$ 882	\$ 1,232	\$ 420	\$ 812	\$ 91	\$ 21	\$ 70	7%	5%	9%
As a percentage of total expenditures	23%	8%	16%	22%	7%	14%						
Estimated impact of inflation on segment expenditures							\$ 4	\$ 1	\$ 3	—%	—%	—%
Estimated impact of population growth on segment expenditures							—	—	—	—%	—%	—%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

INTERACTIVE ANALYSIS

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

The \$12 billion increase in federal standard of living and aid to the disadvantaged expenditures primarily reflected a \$22 billion or 16% increase in refundable tax credits paid to families and individuals to assist them in purchasing health insurance (the Premium Tax Credit). This increase was offset in part by a \$10 billion or 22% decrease in unemployment insurance payments driven primarily by a 25%\* decrease in the total number of weeks of unemployment claimed, as the economy continued to recover from the Great Recession.

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

State and local standard of living and aid to the disadvantaged expenditures increased \$64 billion due mainly to a \$65 billion or 14% increase in Medicaid and CHIP benefits payments, as discussed within *Expenditures by function, 2014 to 2015 / State and local transfer payments to individuals and subsidies* above.

## Fiscal year 2015 compared with fiscal year 2010

(In billions, except percentages)	2015			2010			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Economy and infrastructure	\$ 238	\$ 57	\$ 181	\$ 122	\$ (52)	\$ 174	\$ 116	\$ 109	\$ 7	95%	210%	4%
Standard of living and aid to the disadvantaged	938	337	601	881	428	453	57	(91)	148	6%	(21)%	33%
Health (excluding Medicaid and Medicare)	147	47	100	144	49	95	3	(2)	5	2%	(4)%	5%
Total General Welfare	\$1,323	\$ 441	\$ 882	\$1,147	\$ 425	\$ 722	\$176	\$ 16	\$ 160	15%	4%	22%
As a percentage of total expenditures	23%	8%	16%	20%	8%	13%						
Estimated impact of inflation on segment expenditures							\$102	\$ 38	\$ 64	9%	9%	9%
Estimated impact of population growth on segment expenditures							38	14	24	3%	3%	3%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

### Federal economy and infrastructure expenditures

The \$109 billion increase in federal economy and infrastructure expenditures was driven by a \$128 billion or 90% increase in banking and financing expenditures, primarily due to \$117 billion in revisions of estimated TARP payments made in 2010 that did not recur to a similar degree in 2015.

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

The \$91 billion decrease in federal standard of living and aid to the disadvantaged expenditures was driven by a \$126 billion or 79% decrease in unemployment insurance payments, as discussed above under *Expenditures by function, 2010 to 2015 / Federal transfer payments to individuals and subsidies, Unemployment Insurance*. This decrease was offset in part by \$27 billion of newly available refundable tax credits paid to families and individuals to assist them in purchasing health insurance (the Premium Tax Credit).

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

The \$148 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven by a \$156 billion or 44% increase in Medicaid and CHIP payments, as discussed within *Expenditures by function, 2010 to 2015 / State and local transfer payments to individuals and subsidies* above.

## Fiscal year 2015 compared with fiscal year 2005

(In billions, except percentages)	2015			2005			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Economy and infrastructure	\$ 238	\$ 57	\$ 181	\$ 198	\$ 58	\$ 140	\$ 40	\$ (1)	\$ 41	20%	(2)%	29%
Standard of living and aid to the disadvantaged	938	337	601	534	177	357	404	160	244	76%	90%	68%
Health (excluding Medicaid and Medicare)	147	47	100	105	34	71	42	13	29	40%	38%	41%
Total General Welfare	\$ 1,323	\$ 441	\$ 882	\$ 837	\$ 269	\$ 568	\$ 486	\$ 172	\$ 314	58%	64%	55%
As a percentage of total expenditures	23%	8%	16%	15%	5%	10%						
Estimated impact of inflation on segment expenditures							\$ 187	\$ 60	\$ 127	22%	22%	22%
Estimated impact of population growth on segment expenditures							66	21	45	8%	8%	8%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

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

The \$160 billion increase in federal standard of living and aid to the disadvantaged expenditures was driven by many items. The items that each increased over \$15 billion were:

- a \$43 billion or 149% increase in food and nutritional assistance payments;
- \$27 billion of newly available refundable tax credits paid to families and individuals to assist them in purchasing health insurance (the Premium Tax Credit);
- a \$26 billion or 74% increase in refundable earned income tax credits, reflecting a 23% increase in the number of tax returns with qualifying tax credits claimed and a \$576 or 31% increase in the average amount of each tax credit, driven primarily by the ARRA;
- an \$18 billion or 48% increase in Supplemental Security Income (SSI), reflecting an 18% increase in the number of recipients and a \$1,493 or 35% increase in the average annual payment per recipient; and
- a \$17 billion or 133% increase in Pell grants, reflecting a 57% increase in the number of Pell grant recipients and a 49% or \$1,206 increase in the average grant per recipient, driven primarily by the ARRA.

The increase in food and nutritional assistance payments reflects a 79% increase in the average monthly number of participants and a 37% increase in the average monthly benefit per person. The 79% increase in average number of monthly participants was likely due to the Great Recession, as well as due to the impact of the ARRA, which eased eligibility requirements, and new program tools that made it easier for people to apply for, and continue receiving, benefits. The 37% increase in the average monthly benefit per person reflects a 30% increase in maximum allotments, which are adjusted annually for changes in cost of living, and which during this period reflected the impact of the ARRA, which increased the maximum allotments for participants by 14% (effective April 1, 2009 to October 31, 2013). Inflation of the cost of food for this period was 30%.

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

The \$244 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven by a \$226 billion or 79% increase in Medicaid and CHIP payments, as discussed within *Expenditures by function, 2005 to 2015 / State and local transfer payments to individuals and subsidies* above.

## Blessings of Liberty (BL)

This segment's expenditures comprise more than half of our Government's expenditures. Wealth and savings (primarily Social Security, government obligations, including pension obligations and interest on debt, and Medicare) expenditures comprise nearly 70% of the segment's expenditures, with education expenditures comprising most of the remainder. See Exhibit 99.05 for more information on the largest items in each of this segment's expenditure categories.

## Fiscal year 2015 compared with fiscal year 2014

(In billions, except percentages)	2015			2014			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Education	\$ 849	\$ 24	\$ 825	\$ 786	\$ (9)	\$ 795	\$ 63	\$ 33	\$ 30	8%	367%	4%
Wealth and savings	2,024	1,726	298	1,894	1,608	286	130	118	12	7%	7%	4%
Sustainability and self-sufficiency	105	53	52	109	58	51	(4)	(5)	1	(4)%	(9)%	2%
Total Blessings of Liberty	\$ 2,978	\$ 1,803	\$ 1,175	\$ 2,789	\$ 1,657	\$ 1,132	\$ 189	\$ 146	\$ 43	7%	9%	4%
As a percentage of total expenditures	53%	32%	21%	49%	29%	20%						
Estimated impact of inflation on segment expenditures							\$ 9	\$ 4	\$ 4	—%	—%	—%
Estimated impact of population growth on segment expenditures							—	—	—	—%	—%	—%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

[INTERACTIVE ANALYSIS](#)

### Federal education expenditures

The \$33 billion increase in federal education expenditures was driven primarily by a \$31 billion increase in Federal Direct Student Loans (FDSL) expenditures, \$23 billion of which relates to revisions of estimated FDSL payments made in 2014 that did not recur to a similar degree in 2015. There was a 1 million person or 2% increase in the number of student loan borrowers and a 3% increase in the average undergraduate tuition and required fees during the period.

### Federal wealth and savings expenditures

The \$118 billion increase in federal wealth and savings expenditures was driven by:

- a \$48 billion or 57% increase in costs of housing support;
- a \$37 billion or 4% increase in costs of Social Security; and
- a \$35 billion or 7% increase in costs of Medicare.

The increase in costs of housing support were driven by a \$52 billion or 72% decrease in payments for Fannie Mae and Freddie Mac assistance, reflecting higher returns on Fannie Mae and Freddie Mac investments in 2015 as compared to 2014. The increases in Social Security and Medicare costs were driven by benefits payments, as discussed within *Expenditures by function, 2014 to 2015 / Federal transfer payments to individuals and subsidies* above.

## Fiscal year 2015 compared with fiscal year 2010

(In billions, except percentages)	2015			2010			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Education	\$ 849	\$ 24	\$ 825	\$ 741	\$ (9)	\$ 750	\$ 108	\$ 33	\$ 75	15%	367%	10%
Wealth and savings	2,024	1,726	298	1,692	1,466	226	332	260	72	20%	18%	32%
Sustainability and self-sufficiency	105	53	52	140	64	76	(35)	(11)	(24)	(25)%	(17)%	(32)%
Total Blessings of Liberty	\$ 2,978	\$ 1,803	\$ 1,175	\$ 2,573	\$ 1,521	\$ 1,052	\$ 405	\$ 282	\$ 123	16%	19%	12%
As a percentage of total expenditures	53%	32%	21%	45%	27%	19%						
Estimated impact of inflation on segment expenditures							\$ 229	\$ 135	\$ 94	9%	9%	9%
Estimated impact of population growth on segment expenditures							85	50	35	3%	3%	3%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

### State and local education expenditures

The \$75 billion increase in state and local education expenditures was driven by a \$44 billion or 9% increase in costs of elementary and secondary education and a \$28 billion or 15% increase in costs of higher education. State and local education expenditures grew primarily due to a \$59 billion or 9% increase in state and local government education employee compensation, reflecting a 9% increase in payroll costs and a negligible change in the number of full-time equivalent employees.

### Federal wealth and savings expenditures

The \$260 billion increase in federal costs of wealth and savings was driven by a \$181 billion or 26% increase in Social Security expenditures and a \$94 billion or 21% increase in Medicare expenditures. These increases reflect increased



benefits payments, as discussed within *Expenditures by function, 2010 to 2015 / Federal transfer payments to individuals and subsidies* above. Offsetting these increases, in part, was a \$53 billion or 100% decrease in payments for Fannie Mae and Freddie Mac assistance, reflecting returns on Fannie Mae and Freddie Mac investments.

## Fiscal year 2015 compared with fiscal year 2005

(In billions, except percentages)	2015			2005			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Education	\$ 849	\$ 24	\$ 825	\$ 628	\$ 20	\$ 608	\$ 221	\$ 4	\$ 217	35%	20%	36%
Wealth and savings	2,024	1,726	298	1,209	1,068	141	815	658	157	67%	62%	111%
Sustainability and self-sufficiency	105	53	52	106	48	58	(1)	5	(6)	(1)%	10%	(10)%
Total Blessings of Liberty	\$ 2,978	\$ 1,803	\$ 1,175	\$ 1,943	\$ 1,136	\$ 807	\$ 1,035	\$ 667	\$ 368	53%	59%	46%
As a percentage of total expenditures	53%	32%	21%	34%	20%	14%						
Estimated impact of inflation on segment expenditures							\$ 434	\$ 255	\$ 180	22%	22%	22%
Estimated impact of population growth on segment expenditures							154	90	64	8%	8%	8%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

### State and local education expenditures

The \$217 billion increase in state and local education expenditures was driven primarily by a \$151 billion or 31% increase in costs of elementary and secondary education, and a \$61 billion or 58% increase in costs of higher education. State and local education expenditures grew primarily due to a \$173 billion or 34% increase in state and local government education compensation, reflecting a 30% increase in payroll costs and a 2% increase in the number of full-time equivalent employees.

### Federal wealth and savings expenditures

The \$658 billion increase in federal costs of wealth and savings was driven by a \$364 billion or 70% increase in Social Security expenditures and a \$247 billion or 83% increase in Medicare expenditures. These increases primarily reflect increased benefits payments, as discussed within *Expenditures by function, 2005 to 2015 / Federal transfer payments to individuals and subsidies* above.

## General government support and other

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

Other expenditures include non-grant assistance from the federal government to territories and state and local governments (e.g. direct borrowing subsidies through the Build America Bonds program) and the discrepancy between grants from the federal government to state and local governments as reported by the federal government versus as reported by state and local governments (we assumed the federal government source was accurate).

## Fiscal year 2015 compared with fiscal year 2014

(In billions, except percentages)	2015			2014			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Costs of central government functions	\$ 169	\$ 14	\$ 155	\$ 173	\$ 19	\$ 154	\$ (4)	\$ (5)	\$ 1	(2)%	(26)%	1%
Other	(27)	(27)	—	(18)	(18)	—	(9)	(9)	—	(50)%	(50)%	—%
Total general government support and other	\$ 142	\$ (13)	\$ 155	\$ 155	\$ 1	\$ 154	\$ (13)	\$ (14)	\$ 1			
As a percentage of total expenditures	3%	—%	3%	3%	—%	3%						
Estimated impact of inflation on segment expenditures							\$ 1	\$ —	\$ —	—%	—%	—%
Estimated impact of population growth on segment expenditures							—	—	—	—%	—%	—%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

INTERACTIVE ANALYSIS

There were no material changes in costs of central government functions or other expenditures in comparing these years.

## Fiscal year 2015 compared with fiscal year 2010

(In billions, except percentages)	2015			2010			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Costs of central government functions	\$ 169	\$ 14	\$ 155	\$ 176	\$ 18	\$ 158	\$ (7)	\$ (4)	\$ (3)	(4)%	(22)%	(2)%
Other	(27)	(27)	—	(5)	(5)	—	(22)	(22)	—	(440)%	(440)%	—%
Total general government support and other	\$ 142	\$ (13)	\$ 155	\$ 171	\$ 13	\$ 158	\$ (29)	\$ (26)	\$ (3)			
As a percentage of total expenditures	3%	—%	3%	3%	—%	3%						
Estimated impact of inflation on segment expenditures							\$ 16	\$ 2	\$ 14	9%	9%	9%
Estimated impact of population growth on segment expenditures							6	1	5	3%	3%	3%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

Other federal expenditures decreased \$22 billion due to annual variations in the discrepancy between grants from the federal government to state and local governments as reported by the federal government versus as reported by state and local governments.

## Fiscal year 2015 compared with fiscal year 2005

(In billions, except percentages)	2015			2005			Changes <sup>2</sup>					
	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local	Total	Federal <sup>1</sup>	State and Local
Costs of central government functions	\$ 169	\$ 14	\$ 155	\$ 136	\$ 13	\$ 123	\$ 33	\$ 1	\$ 32	24%	8%	26%
Other	(27)	(27)	—	(5)	(5)	—	(22)	(22)	—	(440)%	(440)%	—%
Total general government support and other	\$ 142	\$ (13)	\$ 155	\$ 131	\$ 8	\$ 123	\$ 11	\$ (21)	\$ 32			
As a percentage of total expenditures	3%	—%	3%	2%	—%	2%						
Estimated impact of inflation on segment expenditures							\$ 30	\$ 3	\$ 27	22%	22%	22%
Estimated impact of population growth on segment expenditures							11	1	10	8%	8%	8%

<sup>1</sup> Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

<sup>2</sup> Key changes are highlighted in gray in the table above and are discussed in the sections below.

State and local central government functions expenditures increased \$32 billion primarily due to a \$31 billion or 38% increase in expenditures labeled as “current operations – other and unallocable” in the Census. We do not know what comprises these costs.

## Key metrics by segment

In this section, we analyze by segment certain key metrics that measure progress towards our constitutional objectives of justice and domestic tranquility, common defense, general welfare, and security of the blessings of liberty to ourselves and our posterity. We chose metrics for which government data was available and that seemed representative of the status of these objectives. There are more metrics on our website at [usfacts.org](http://usfacts.org), which you can access by selecting the “More detail” links next to the tables below.

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

## Justice and Domestic Tranquility (JDT)

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

- **made meaningful progress** on reducing: overall numbers of crimes reported, related arrests, and the number of people incarcerated for drug crimes; most types of fire incidents and deaths therefrom; transportation fatalities; workplace injuries and fatalities; the number of children in foster care; and the number of children that are victims of maltreatment;
- **saw no meaningful movement** in the overall numbers of incarcerated people, highway crashes, children living in single parent households, and foster children adopted or reunited with family; and
- **regressed notably** in the numbers of other structure fires and associated deaths, the average cost of each natural disaster, child fatalities as a result of maltreatment, children in poverty (though this appears to be reversing recently), and all types of consumer complaints.

In recent years, we've regressed notably in incidents of murder/non-negligent manslaughter and improved notably in consumer fraud complaints.

### Crime and disaster

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

#### Crime

(In thousands, except rates and percentages or otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
<b>Crimes reported<sup>1</sup>:</b>							
Property crimes <sup>2</sup>	8,024	8,209	9,113	10,175	(2)%	(12)%	(21)%
Property crimes per 100,000 people	2,501	2,574	2,946	3,432	(3)%	(15)%	(27)%
Violent crimes <sup>3</sup>	1,199	1,153	1,251	1,391	4%	(4)%	(14)%
Violent crimes per 100,000 people	373	362	405	469	3%	(8)%	(20)%
Murder / non-negligent manslaughter (MNM)	16	14	15	17	14%	7%	(6)%
MNM per 100,000 people	5	4	5	6	25%	—%	(17)%
<b>Arrests by crime:</b>	10,798	11,207	13,122	14,098	(4)%	(18)%	(23)%
Drug abuse violations	1,489	1,561	1,639	1,846	(5)%	(9)%	(19)%
Drug abuse violations arrests per 100,000 people	464	490	531	625	(5)%	(13)%	(26)%
Sale / manufacturing	na	na	302	344	na	na	na
Possession	na	na	1,337	1,503	na	na	na
Property crimes <sup>2</sup>	1,463	1,554	1,644	1,609	(6)%	(11)%	(9)%
Property crimes arrests rate (of property crimes reported)	18%	19%	18%	16%	(1)ppt	—ppt	2ppt
Driving under the influence	1,081	1,118	1,412	1,372	(3)%	(23)%	(21)%
Violent crimes <sup>3</sup>	506	499	552	604	1%	(8)%	(16)%
Violent crimes arrests rate (of violent crimes reported)	42%	43%	44%	43%	(1)ppt	(2)ppt	(1)ppt
Other	6,259	6,475	7,875	8,667	(3)%	(21)%	(28)%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> Crimes reported by local law enforcement to the Federal Bureau of Investigation

<sup>2</sup> Property crimes are offenses of burglary, larceny-theft, motor vehicle theft, and arson.

<sup>3</sup> Violent crimes are offenses of murder and nonnegligent manslaughter, rape, robbery, and aggravated assault.

Property crimes and violent crimes reported generally declined at accelerating rates during the periods discussed in this report, and at even higher rates if you adjust for population growth. Declines were seen across most crime sub-categories and every major region (Northeast, Midwest, South, West) of the US. Arrests for these crimes and for all other major crime categories also declined.

In 2015, however, violent crimes reported increased, with increases across all sub-categories and in every major region except the Northeast. By state/territory, the change in violent crimes from 2014 to 2015 ranged from a decrease of 9% in Puerto Rico to an increase of 18% in South Dakota. Aggravated assaults accounted for 64% percent of violent crimes reported to law enforcement in 2015, up 5% from 2014, while robbery offenses accounted for 27% (up 2%), rape accounted for 8% (up 8%), and murder accounted for 1% (up 12%).

Underlying these overall crime trends, there are demographical points to note:

- Youth (under age 18) are more often arrested for property crimes than violent crimes and are comprising a disproportionately smaller percentage of all arrests over time (a nearly 7-percentage point decline overall between 2005 and 2015 – compared to a 2-percentage point decline in the percentage of the total population they represent); and
- Black people have been arrested at a rate (27% of total arrests in 2015) that is significantly higher than the rate they comprise of the US population (13% in 2015) throughout the periods discussed in this report. In 2015, black people accounted for more than 50% of the arrested population for murder and nonnegligent manslaughter, robbery, and gambling offenses.

## Incarceration

(In thousands, except percentages)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
<b>Incarcerated population<sup>1</sup>:</b>	2,174	2,225	2,279	2,200	(2)%	(5)%	(1)%
Persons in jail <sup>2</sup>	727	745	749	748	(2)%	(3)%	(3)%
Persons in prison (federal and state) <sup>3</sup>	1,527	1,562	1,614	1,526	(2)%	(5)%	—%
<b>Sentenced prisoners by crime committed:</b>							
Violent crimes	722	711	739	na	2%	(2)%	na
Property crimes	245	261	260	na	(6)%	(6)%	na
Drug crimes	289	302	335	na	(4)%	(14)%	na
Public order and other <sup>4</sup>	218	221	206	na	(1)%	6%	na

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> Prisoners held in local jails were excluded from the total to prevent double counting.

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

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

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

Our incarcerated populations decreased over the past decade. However, there are racial and other dynamics of note:

- Black people are disproportionately jailed and imprisoned, comprising 35% of each those jailed and imprisoned in 2015 as compared to 13% of the US population. However, the percentages of the jailed and imprisoned populations they comprise are decreasing (a decline of 4-percentage points for each between 2005 and 2015) despite remaining 13% of the US population during this period.
- The opposite is true for white people, who represent a disproportionately small percentage of those incarcerated - 48% of those jailed and 34% of those imprisoned in 2015, while comprising 77% of the US population. The percentage of those jailed who are white increased 4 percentage points between 2005 and 2015, while the percentage of those imprisoned who are white decreased 1 percentage point. Meanwhile, white people decreased as a percentage of the US population (a 3-percentage point decrease between 2005 and 2015).
- The offenses for which people are imprisoned has changed, with drug, property, and violent crime offenses decreasing and public order offenses increasing.

**Fire (non-natural disaster)**

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
<b>Fire incidents (in thousands, except rates):</b>	1,346	1,298	1,332	1,602	4%	1%	(16)%
Home structure fires <sup>1</sup>	271	367	370	381	(26)%	(27)%	(29)%
Home structure fires per 100,000 households	218	298	315	336	(27)%	(31)%	(35)%
Other structure fires <sup>2</sup>	231	127	112	130	82%	106%	78%
Highway vehicle fires <sup>3</sup>	174	168	185	259	4%	(6)%	(33)%
Highway vehicle fires per 1 billion miles driven	55	55	62	87	—%	(11)%	(37)%
Other fires <sup>4</sup>	670	636	665	832	5%	1%	(19)%
<b>Civilian deaths from fire incidents:</b>	3,280	3,275	3,120	3,675	—%	5%	(11)%
Home structure fire civilian deaths <sup>1</sup>	2,155	2,745	2,640	3,030	(21)%	(18)%	(29)%
Rate of deaths per home structure fire	0.8%	0.7%	0.7%	0.8%	0.1ppt	0.1ppt	—ppt
Other structure fire civilian deaths <sup>2</sup>	530	115	115	75	361%	361%	607%
Rate of deaths per other structure fire	0.2%	0.1%	0.1%	0.1%	0.1ppt	0.1ppt	0.1ppt
Highway vehicle fire civilian deaths <sup>3</sup>	445	310	285	500	44%	56%	(11)%
Rate of deaths per highway vehicle fire	0.3%	0.2%	0.2%	0.2%	0.1ppt	0.1ppt	0.1ppt
Other fire civilian deaths <sup>4</sup>	150	105	80	70	43%	88%	114%
Rate of deaths per other fire	0.0%	0.0%	0.0%	0.0%	—ppt	—ppt	—ppt

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>1</sup> Homes are dwellings, duplexes, manufactured homes (also called mobile homes), apartments, rowhouses, and townhouses.

<sup>2</sup> Includes other residential properties, such as hotels and motels, dormitories, barracks, rooming and boarding homes, and the like.

<sup>3</sup> Highway vehicles include any vehicle designed to operate normally on highways, such as automobiles, motorcycles, buses, trucks, and trailers, but not manufactured homes on foundations.

<sup>4</sup> Other fires include fires in non-highway vehicles (i.e., trains, boats, ships, aircraft, farm, and construction vehicles), outside property fires, outside wilderness fires, and fires in rubbish, among others.

The number of fire incidents have fluctuated but generally declined over the period discussed in this report, both on an absolute basis and per housing unit and mile driven. The overall decrease was led by a 19% decrease in "other" fires, offset in part by a 78% increase in other structure fires. In 2015, the leading cause of fires was cooking for both residential and non-residential buildings, comprising 42% and 19% of fires, respectively.

Civilian deaths from fire incidents have also fluctuated and decreased overall in the past decade, led by a 29% decrease in deaths from home fire incidents, offset in part by a 607% increase in deaths from other structure fire incidents. As a percentage of fire incidents, deaths for all types of fire incidents shown have remained in the low single digit percentages throughout the past decade.

## Disasters

(dollars in millions, others actuals or as noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Disaster preparedness funding	\$ 1,808	\$ 2,455	\$ 3,700	\$ 3,825	(26)%	(51)%	(53)%
Disaster declarations	80	84	113	137	(5)%	(29)%	(42)%
Disaster aid	\$ 1,731	\$ 1,625	\$ 2,931	\$ 30,327	7%	(41)%	(94)%
<i>Aid per disaster</i>	\$ 22	\$ 19	\$ 26	\$ 221	16%	(15)%	(90)%
<b>Disaster declarations and aid by type of disaster</b>							
Severe storm	22	26	64	25	(15)%	(66)%	(12)%
Severe storm aid	\$ 1,065	\$ 668	\$ 2,296	\$ 809	59%	(54)%	32%
<i>Aid per severe storm</i>	\$ 44	\$ 29	\$ 38	\$ 27	52%	16%	63%
Severe ice storm	2	9	1	—	(78)%	100%	nm
Severe ice storm aid	\$ 55	\$ 385	\$ 149	\$ —	(86)%	(63)%	nm
<i>Aid per severe ice storm</i>	\$ 18	\$ 43	\$ 149	\$ —	(58)%	(88)%	nm
Flood	11	8	9	2	38%	22%	450%
Flood aid	\$ 130	\$ 369	\$ 99	\$ 4	(65)%	31%	3,150%
<i>Aid per flood</i>	\$ 14	\$ 37	\$ 11	\$ 2	(62)%	27%	600%
Fire	37	35	18	29	6%	106%	28%
Fire aid	\$ 365	\$ 95	\$ 3	\$ —	284%	nm	nm
<i>Aid per fire</i>	\$ 122	\$ 48	\$ —	\$ —	154%	nm	nm
Hurricane	—	—	6	57	—%	(100)%	(100)%
Hurricane aid	\$ —	\$ —	\$ 49	\$ 29,383	—%	(100)%	(100)%
<i>Aid per hurricane</i>	\$ —	\$ —	\$ 10	\$ 515	nm	nm	nm
Other disasters	8	6	15	24	33%	(47)%	(67)%
Other disasters aid	\$ 116	\$ 108	\$ 335	\$ 131	7%	(65)%	(11)%
<i>Aid per other disaster</i>	\$ 19	\$ 15	\$ 22	\$ 5	27%	(14)%	280%
Acres burned in forest fires (thousands)	10,125	3,596	3,423	8,689	182%	196%	17%
<i>Acres burned per forest fire</i>	149	57	48	131	161%	210%	14%

† We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

nm An "nm" reference in the table means the percentage change is not meaningful.

Disaster preparedness funding has decreased more than 50% over the past decade, including a decrease of 26% in 2015 alone.

The number of disaster declarations has fluctuated, with peaks in 2006, 2008, and 2011 and a decline thereafter until 2016. The most frequent type of disaster is fire, followed by severe storm, while the most expensive per disaster is hurricane, followed by tornado. Acres burned in forest fires (in all forest fires, not just those declared disasters) increased over the past decade, generally at a rate lower than the rate at which the number of fires increased.

Disaster aid decreased more than 90% in the past decade but increased 7% in 2015. Per disaster, aid decreased 90% over the past decade but increased 6% in 2015. Aid, on an absolute and per disaster basis, has increased over the past decade for severe storms, floods, and fire disasters.

## Safeguarding consumers and employees

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

## Safeguarding consumers

### Consumer complaints and product safety injuries

(In thousands, except rates and percentages or otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Consumer fraud complaints	1,143	1,514	820	438	(25)%	39%	161%
Consumer fraud complaints per 100,000 people	356	475	266	148	(25)%	34%	141%
Mean amount paid per fraud complaint	\$ 400	\$ 499	581	349	(20)%	(31)%	15%
Identity theft complaints	490	333	251	256	47%	95%	91%
Identity theft complaints per 100,000 people	153	105	81	87	46%	89%	76%
Other consumer complaints <sup>1</sup>	1,402	745	399	216	88%	251%	549%
Other consumer complaints per 100,000 people	437	234	129	73	87%	239%	499%
Consumer financial protection (CFP) complaints <sup>2</sup>	169	153	na	na	10%	na	na
CFP complaints per 100,000 people	53	48	na	na	10%	na	na
Consumer product safety injuries <sup>3</sup>	14,133	13,861	14,695	12,609	2%	(4)%	12%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

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

<sup>2</sup> These complaints were reported by the Consumer Financial Protection Bureau while all other complaints in this table were reported by the Federal Trade Commission.

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

Consumer complaints have generally grown at increasing rates throughout the period of this report, driven primarily by increased fraud and other consumer complaints, though all categories of complaints have increased. In 2015, however, consumer fraud complaints decreased.

- *Fraud complaints* are made by adults of all ages with no notable concentrations. Victims who report the method of initial contact primarily report that the fraud was initiated via phone, and those who report transferring funds most often report doing so through wire transfer.
- *Identity theft complaints* are also made by adults of all ages and most often comprise tax- or wage-related fraud, followed by credit card fraud, phone or utilities fraud, and bank fraud.
- *Other consumer complaints* made to the Federal Trade Commission have increased due primarily to third-party debt collection complaints.
- *Consumer financial protection complaints* have grown, driven primarily by increases in credit-related complaints, including debt collection and credit reporting. These complaints are made to the Consumer Financial Protection Bureau, which originated in 2010 in response to the financial crisis and resultant Great Recession.

The mean amount paid per fraud complaint increased over the past decade but decreased in recent years. In 2015, more than half (56%) of the complaints resulted in no payment, while the payment group with the largest number of complaints (9% of the complaints) was the group with amounts paid between \$101 and \$250. Two percent of complaints had amounts paid of \$5,000 or more, the top payment group. By type of fraud, the largest median amount paid per fraud in 2017 (the earliest date for which this detail was reported) was for travel, vacation, and timeshare plans.

Consumer product safety injuries have fluctuated from year to year, peaking in 2010 and not decreasing much since. The largest numbers of injuries relate to sports and recreational equipment, home structures and construction materials, and home furnishings and fixtures. Injuries related to sports and recreational equipment in 2015 were 2% higher than in 2007 (the earliest data available), while injuries related to home structures and construction materials decreased 21%, and injuries related to equipment home furnishings and fixtures decreased 26%, over this same period.

## Transportation safety

(In thousands, except rates and percentages or otherwise noted)	2015	2014	2010	2005	Change	Change	Change
					2015 vs. 2014	2015 vs. 2010	2015 vs. 2005
Transportation crashes	6,317	6,091	5,445	6,191	4%	16%	2%
Highway crashes	6,296	6,064	5,419	6,159	4%	16%	2%
<i>Highway crashes per 100 million miles driven</i>	200	199	183	206	1%	9%	(3)%
Transportation fatalities (actual people)	37,734	34,643	35,036	45,641	7%	6%	(19)%
Highway fatalities (actual people)	35,485	32,744	32,999	43,510	7%	6%	(19)%
<i>Highway fatalities per 100,000 highway crashes</i>	557	540	609	706	3%	(9)%	(21)%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

Transportation crashes are nearly all (over 99%) highway crashes and have increased over the past decade. Per mile driven, highway crashes decreased over the last decade but increased in recent years.

Transportation fatalities dropped 9% in each calendar year 2008 and 2009 and had remained at roughly 35,000 fatalities per year thereafter until 2015, when they jumped to nearly 38,000. The only material source of transportation fatalities is highway fatalities, with a little more than a third of these fatalities alcohol-related (Blood Alcohol Concentration of 0.01 or greater) crashes. Of alcohol-related fatalities, nearly a third involved Blood Alcohol Concentration of 0.08 or greater. Since 2010 (the earliest period shown here for which data is available), distraction-affected fatalities increased 12%, to 3,477 in 2015.

## Safeguarding employees

(In thousands, except rates and percentages or otherwise noted)	2015	2014	2010	2005	Change	Change	Change
					2015 vs. 2014	2015 vs. 2010	2015 vs. 2005
Workplace violations (actual) <sup>1</sup>	64,763	67,680	96,742	85,307	(4)%	(33)%	(24)%
<i>Workplace violations per 100,000 employees</i>	47	48	74	64	(2)%	(36)%	(27)%
Non-fatal workplace injuries	3,659	3,676	3,884	4,214	—%	(6)%	(13)%
<i>Non-fatal injuries per 100,000 employees</i>	2,653	2,591	2,979	3,144	2%	(11)%	(16)%
Fatal workplace injuries (actual)	4,836	4,821	4,690	5,734	—%	3%	(16)%
<i>Rate of fatality of workplace injuries</i>	0.1%	0.1%	0.1%	0.1%	—ppt	—ppt	—ppt
Back wages recovered	\$ 246,781	\$ 240,832	\$ 176,005	\$ 166,005	2%	40%	49%
<i>Back wages recovered per injury</i>	\$ 67	\$ 65	\$ 45	\$ 39	3%	49%	72%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

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

The work safety outcomes discussed here are nearly all positive; workplace violations, injuries, and fatalities (10-year only) are all down, while back wages recovered, in total and per injury, have increased. Fatal workplace injuries have increased in over the past five years, primarily in construction, truck transportation, and landscaping industries. However, as a rate per workplace injury, fatal injuries have been steady over the past decade.

Fatal workplace injuries disproportionately take the lives of men (92%-93% of the incidents covered by this report). In 2015, 91% of fatal workplace injuries occurred in private industry, with the balance occurring in government. By industry, in 2015, 45% of the incidents occurred in goods-producing industries, nearly half of which were in construction, while the other 55% of the incidents occurred in service-providing industries, of which roughly a third were in transportation and warehousing.



## Child safety and miscellaneous social services

The child safety and miscellaneous social services reporting unit works to maintain the welfare and safety of all children.

### Child family situation

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Children in single parent households (in thousands)	19,757	20,258	19,855	20,722	(2)%	—%	(5)%
<i>Children in single parent households per 10,000 children</i>	2,684	2,753	2,677	2,818	(3)%	—%	(5)%
Children in foster care	427,444	414,435	404,878	511,000	3%	6%	(16)%
<i>Children in foster care per 10,000 children</i>	58	56	55	70	4%	5%	(17)%
<i>Percentage of foster children fostered by relatives</i>	30%	29%	26%	24%	1ppt	4ppt	6ppt
Children entering foster care	268,720	264,364	256,092	307,000	2%	5%	(12)%
Children exiting foster care	243,043	236,906	257,806	286,000	2%	(6)%	(15)%
Median months in foster care	13	13	14	16	—%	(7)%	(19)%
Percentage of foster children reunited with parents	51%	51%	51%	54%	—ppt	—ppt	(3)ppt
Percentage of foster children discharged to live with other relatives	6%	7%	8%	11%	(1)ppt	(2)ppt	(5)ppt
Children adopted from foster care <sup>1</sup>	53,556	50,671	53,547	51,323	6%	—%	4%
<i>Rate of children adopted from foster care (as a percentage of children in foster homes)</i> <sup>1</sup>	13%	12%	13%	10%	1ppt	—ppt	3ppt

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>1</sup> Adoptions are those with Public Child Welfare Agency involvement.

The numbers of children in single parent households, including the rates thereof, have not changed materially during the periods presented here. In 2015, 78% of the single-family households were headed by single mothers, while 22% were headed by single fathers.

The numbers of children in foster care and their median stay have decreased over the past decade. The ratio of male and female children in foster care has been relatively consistent over the last decade, with 52% male and 48% female in 2015. However, there have been some other demographic shifts over this period including:

- the median age decreased from 11 to 8 years old;
- the percentage of children in foster care who are African-American decreased eight percentage points, with all other races and ethnicities remaining flat or increasing over the same period; and
- the race with the most children in foster care is white, at 43% in 2015, having grown consistently over the past decade.

The percentages of foster children reunited with their parents or other relatives have declined over the past decade, while the numbers and rates of children adopted with welfare agency involvement have increased.

## Crimes against children

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Child victims <sup>1</sup> (nearest thousand)	683,000	675,000	698,000	901,000	1%	(2)%	(24)%
<i>Victimization rate by age (per 1,000 children):</i>							
Birth to-3	16.8	17.0	14.9	16.5	(1)%	13%	2%
Birth-1	24.2	24.4	20.6	na	(1)%	17%	na
1-3	11.3	11.7	11.4	na	(3)%	(1)%	na
4-7	10.2	10.7	9.7	13.5	(5)%	5%	(24)%
8-11	7.8	8.0	8.0	10.9	(3)%	(3)%	(28)%
12-15	6.8	6.9	7.3	10.2	(1)%	(7)%	(33)%
16-17	4.8	4.9	5.0	6.2	(2)%	(4)%	(21)%
Boys <sup>3</sup>	49%	49%	49%	48%	—ppt	—ppt	1ppt
Girls <sup>3</sup>	51%	51%	51%	52%	—ppt	—ppt	(1)ppt
White (non-Hispanic)	43%	44%	45%	50%	(1)ppt	(2)ppt	(7)ppt
African-American (non-Hispanic)	21%	21%	22%	23%	—ppt	(1)ppt	(2)ppt
Hispanic	24%	23%	21%	17%	1ppt	3ppt	7ppt
Neglect <sup>2</sup>	75%	75%	78%	63%	—ppt	(3)ppt	12ppt
Physical abuse <sup>2</sup>	17%	17%	18%	17%	—ppt	(1)ppt	—ppt
Sexual abuse <sup>2</sup>	8%	8%	9%	9%	—ppt	(1)ppt	(1) ppt
Child fatalities as a result of maltreatment	1,680	1,590	1,560	1,450	6 %	8%	16%
<i>Fatality rate by age (per 100,000 children):</i>							
Birth-1	20.9	18.0	17.9	15.9	16%	17%	31%
1-3	5.0	5.0	4.3	5.1	—%	16%	(2)%
4-7	1.2	1.2	1.1	1.3	—%	9%	(8)%
8-11	0.5	0.5	0.4	0.4	—%	25%	25%
12-17	0.3	0.2	0.3	0.4	50%	—%	(25)%
Boys <sup>3</sup>	55%	58%	60%	56%	(3)ppt	(5)ppt	(1)ppt
Girls <sup>3</sup>	45%	41%	40%	44%	4ppt	5ppt	1ppt
White (non-Hispanic)	42%	43%	44%	44%	(1)ppt	(2)ppt	(2)ppt
African-American (non-Hispanic)	31%	30%	28%	26%	1ppt	3ppt	5ppt
Hispanic	15%	15%	17%	19%	—ppt	(2)ppt	(4)ppt
Neglect <sup>2</sup>	73%	72%	68%	42%	1ppt	5ppt	31ppt
Physical abuse <sup>2</sup>	44%	41%	45%	24%	3ppt	(1)ppt	20ppt
Sexual abuse <sup>2</sup>	1%	1%	1%	—%	—ppt	—ppt	1ppt

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> Victims of maltreatment are defined as children who experienced or who were at risk of experiencing abuse or neglect.

<sup>2</sup> A child may have suffered from more than one type of maltreatment and therefore, the total number of reported maltreatments exceeds the number of fatalities and the total percentage of reported maltreatments exceeds 100%. The percentages are calculated against the number of child fatalities in the reporting states. Prior to 2009, "multiple maltreatment types" was a separate category. In 2009, the current method of reporting each of the multiple maltreatment types began, resulting in increases in each of the maltreatment categories in 2009 and later years when compared to prior years.

<sup>3</sup> May not add to 100% due to unknown population.

Child victimization rates decreased over the past decade across most demographics, though victimization rates increased for:

- children ages birth to 3, increasing 2%;
- boys, increasing 1 percentage point; and
- Hispanic children, increasing 7 percentage points.

Child fatalities as a result of maltreatment increased over the past decade. The increase was seen mainly in children less than one year old, those ages 8-11, and for girls, while the percentage of boy child fatalities decreased over this same period. By race and ethnicity, the percentage of child fatalities that were White and Hispanic children decreased while those that were African-American increased.

In 2015, parents represented 92% of the perpetrators of reported child victimization, while 13% were nonparents, and 3% were unknown (figures don't add to 100% due to multiple perpetrator situations).

## Child welfare

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Children in poverty (in thousands)	14,509	15,540	16,286	12,896	(7)%	(11)%	13%
Rate of children in poverty	20%	21%	22%	18%	(1)ppt	(2)ppt	2ppt
Percentage of children receiving free or reduced lunch at school	73%	72%	65%	59%	1ppt	8ppt	14ppt
Homeless children enrolled in school and known to our Government (in thousands) <sup>1</sup>	1,263	1,301	1,066	907	(3)%	18%	39%
Homeless children enrolled in school and known to our Government per 10,000 children	174	177	144	124	(2)%	21%	40%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>1</sup> Years represent the school year ending in the year noted. Includes the District of Columbia and Puerto Rico. Enrolled students include those aged 0 to 2, 3 through 5 not in Kindergarten, enrolled in Kindergarten through grade 12, and ungraded. Grade 13 is included for school year 2014. Data is inconsistently reported year over year by state and local educational agencies. Numbers reflect the number of homeless students known to the Government rather than the total number of homeless students in the country. The 2010-2011 school year and earlier contains duplicate counts.

Numbers of children in poverty, who represent roughly a third of the overall US population in poverty, have increased over the past decade, as have child poverty rates, though the trend has been reversing lately.

The race and ethnicity with the highest rates of child poverty are the black population, ranging from 33% to 39% of children, and the Hispanic population, ranging from 28% to 35% of children, during the past decade. White and Asian populations have lower rates of child poverty, ranging from 10% to 12% for non-Hispanic white children and 11% to 15% for Asian children, during the periods presented. Child poverty rates for all populations except black children increased overall during the decade presented. Child poverty rates for black children decreased two percentage points between 2005 and 2015.

The percentage of children receiving free or reduced lunch is growing consistently, including in recent years despite reduced numbers of children in poverty in those years. Any child at a participating school may purchase a meal through the National School Lunch Program. Children from families with incomes at or below 130% of the federal poverty level are eligible for free meals. Those with incomes between 130% and 185% of the federal poverty level are eligible for reduced-price meals, for which students can be charged no more than 40 cents.

Homeless children enrolled in school increased over the past decade but decreased in 2015. A portion of this increase could be due to the number of agencies reporting for each period, which also increased but at lower rates. Most (76% in 2015) homeless children are "doubled up," or living with others due to loss of housing, economic hardship, or a similar reason. The next largest source of primary nighttime residence for homeless children, at 14% of the homeless in 2015, was shelters, transitional housing, or awaiting foster care. The fastest growing forms of nighttime residence were doubling up, unsheltered, and hotel/motel, growing 171%, 84%, and 79%, respectively, from 2005 to 2015.

## Common Defense (CD)

CD works to provide for the common defense of the US population. Its reporting units are national defense and support for veterans, immigration and border security, and foreign affairs and foreign aid. Overall, the long-term trend for the periods presented shows we:

- **made meaningful progress** on reducing border apprehensions and numbers of people removed or returned (except those with a prior criminal conviction, though this appears to be reversing recently), bringing home our active duty military personnel who were stationed abroad, and increasing the numbers of visas granted, naturalizations, and passports issued;
- **saw no meaningful movement** in lowering the rates of veteran unemployment, poverty, and disability; and
- **regressed notably** in the numbers of intellectual property seizures, airport firearm discoveries, and the number of American civilians that die abroad (primarily an increase in suicides).

## National defense and support for veterans

The national defense and support for veterans reporting unit provides for our common defense by maintaining and managing the military and providing benefits for veterans, as well as by keeping Americans safe abroad.

## National defense

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Total armed forces, excluding reserves (in thousands)	2,040	2,055	2,196	2,057	(1)%	(7)%	(1)%
Number of active duty military stationed in (in thousands): <sup>1</sup>	1,314	1,338	1,431	1,389	(2)%	(8)%	(5)%
US	1,146	1,168	1,134	1,098	(2)%	1%	4%
Abroad	156	159	297	291	(3)%	(48)%	(47)%
Number of conflicts in which the US participated	3	2	3	2	50%	—%	50%
Number of active duty military deaths from:	na	na	1,485	1,929	na	na	na
Hostile/terrorist	11	39	456	739	(72)%	(98)%	(99)%
Accidents	na	na	424	646	na	na	na
Suicide	na	na	289	182	na	na	na
Illness	na	na	238	280	na	na	na
Homicide	na	na	39	54	na	na	na
Undetermined or pending	na	na	39	28	na	na	na
Number of US civilian deaths overseas by cause:	910	812	1,065	838	12%	(15)%	9%
Vehicle accident	256	227	270	282	13%	(5)%	(9)%
Homicide	163	174	220	142	(6)%	(26)%	15%
Suicide	171	141	133	81	21%	29%	111%
Drowning	139	105	113	93	32%	23%	49%
Disaster	—	—	125	3	—%	(100)%	(100)%
Terrorist, hostage, and execution	19	19	21	61	—%	(10)%	(69)%
Other	162	146	183	176	11%	(11)%	(8)%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> Details may not add to total. Totals and by location were taken from two separate data sources. In addition, numbers have been rounded.

Overall numbers of armed forces (excluding reserve forces) remain at roughly the same level they were a decade ago. Over this time period, the US has been bringing its active duty military home, despite participating in more conflicts than we did a decade ago.

We do not have recent data for the numbers of active duty military deaths for most causes. However, active duty military deaths declined during the years for which we do have data, driven by declining deaths from hostile/terrorist actions and accidents. The notable decrease in hostile/terrorist deaths in 2010 was due to the end of the Operation Iraqi Freedom conflict, while the decrease in 2014 was due to a decrease in deaths related to the Operation Enduring Freedom conflict. These decreases were offset by increases in deaths from suicides.

The numbers of deaths of US civilians overseas fluctuates from year to year but increased 9% compared to a decade ago, driven by a 90 person or 111% increase in suicides. The notable increase in 2010 was due primarily to an earthquake in Port-au-Prince, Haiti.

## Support for veterans

(In thousands, except percentages or otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Number of veterans	21,579	21,894	22,569	24,257	(1)%	(4)%	(11)%
Rates of veteran:							
Unemployment	5%	6%	10%	6%	(1)ppt	(5)ppt	(1)ppt
Poverty	7%	7%	7%	6%	— ppt	— ppt	1ppt
Disability	29%	29%	26%	26%	— ppt	3ppt	3ppt
Number of unique VA patients	5,930	5,829	5,317	na	2%	12%	na

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

The number of veterans has decreased consistently over the past decade, while indicators of veteran well-being were mixed.

The veteran unemployment rate has fluctuated year to year, but generally follows the trend of overall unemployment, which has trended downward since 2011. As of 2015, veteran unemployment and overall unemployment rates were aligned. See discussion of overall unemployment at *General Welfare, Economy and Infrastructure, Employment Profile (2015)* below.

The veteran poverty rate has not changed materially in the last decade, but overall it is trending higher, despite veteran unemployment trending down and veteran compensation and pension payments increasing. In 2015:

- female veterans had higher poverty rates than male veterans, including much higher rates for those in the service industry or self-employed;
- disabled female veterans had higher poverty rates than disabled male veterans;
- post-9/11 and peacetime veterans had higher poverty rates than veterans of earlier conflicts;
- female veterans had lower median household income than male veterans, though the difference is not significant for veterans between 17 to 34 years old and 55 to 64 years old;
- the lowest poverty rates for male and female veterans were in the Northeast; and
- the rate of veterans in poverty by state/territory ranged from 4% in Nebraska to 20% in Puerto Rico. Puerto Rico (20%), Arkansas (14%), and West Virginia (14%) had the highest percentages of veterans in poverty. Puerto Rico's overall unemployment rate was 12.1% in 2015. Arkansas had the 24<sup>th</sup> lowest overall unemployment rate of states at 5.0%, and West Virginia had the third highest at 6.7%.

The veteran disability rate has fluctuated year to year and increased in the past decade but is currently roughly the same rate it was in 2000. The most prevalent service-connected disabilities are Tinnitus (the perception of noise or ringing in the ears), hearing loss, and post-traumatic stress disorder (PTSD), which comprised 7%, 5%, and 4%, respectively, of the total veteran disabilities in 2015.

While the overall veteran population declines, the number of unique patients being treated at VA medical centers is increasing. According to the GAO, this is due in part to servicemembers returning from the US' military operations in Afghanistan and Iraq and the needs of an aging veteran population. The proportion of living veterans who served in World War II and the Korean War decreased 10 and 4 percentage points, respectively, while the proportion of living veterans who served in Vietnam and the Gulf War increased 3 and 19 percentage points, respectively, over the past decade.

## Immigration and border security

The immigration and border security reporting unit manages the US immigration process, including borders and customs responsibilities.

### Authorized entry to the US

(In thousands, except percentages or otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Naturalizations (citizenship) <sup>1</sup>	730	653	620	604	12%	18%	21%
<i>Naturalizations as a percentage of attempts (total naturalizations and denials)</i>	91%	91%	92%	85%	— ppt	(1)ppt	6ppt
Green Cards (permanent residence) granted <sup>2</sup>	1,051	1,017	1,043	1,122	3%	1%	(6)%
Visas granted	10,892	9,932	6,423	5,389	10%	70%	102%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>1</sup> Naturalization is the process by which US citizenship is granted to a foreign citizen or national after he or she fulfills the requirements established by Congress in the Immigration and Nationality Act.

<sup>2</sup> Foreign nationals granted lawful permanent residence

### Naturalizations (citizenship)

Naturalization is the way a person not born in the US voluntarily becomes a US citizen. General requirements for naturalization require the applicant to be at least 18 years old at the time of filing, be a permanent resident (have a "Green Card") for at least five years, demonstrate continuous residence in the US for at least five years immediately preceding the date of filing, and be able to read, write, and speak basic English, amongst some of the requirements.

Naturalizations increased in the last decade, as did naturalizations as a percentage of attempted naturalizations. Throughout the periods presented in this report, most people who naturalized were:

- females, including 56% of those who naturalized in 2015;
- 21 years of age or older, including 97% in 2015;
- married, including 63% in 2015; and
- born in Asia or North America, including 36% and 34%, respectively, in 2015.

### Green Cards (permanent residence)

A Green Card allows a person to live and work permanently in the United States. There are a few eligibility categories that allow an individual to apply for a Green Card: through family, through employment, as a Special Immigrant, for victims of abuse, through registry, and through other categories. Most people who apply for a Green Card will need to complete two forms – an immigrant petition and a Green card application. Someone else usually must file the petition on behalf of the applicant (e.g. family, spouse, employer).

Green Cards granted followed similar demographic trends as naturalizations. Throughout the periods presented in this report, most people who were granted green cards were:

- females, including 54% of those granted green cards in 2015;
- 21 years of age or older, including 76% in 2015;
- married, including 59% in 2015;
- either immediate family members (44% in 2015) or otherwise related (20% in 2015) to US citizens; and
- born in Asia or North America, including 39% and 36%, respectively, in 2015.

The categories of Green Card recipients with the largest numerical and percentage growth between 2005 and 2015 were parents of US citizens, with growth of 50,848 people or 62% and “employment creators (investors)” at 2,845% growth or 9,842 people. The categories with the largest numerical and percentage declines between 2005 and 2015 were children of US citizens, declining 28,118 people or 30%, and workers (skilled, professional, and unskilled), declining 91,827 people or 71%.

### Visas

The numbers of visas granted increased during each of the periods presented. Most visas are granted to temporary visitors for business or pleasure, including 78% of visas granted in 2015. The next largest category of visa recipients are temporary workers and their families, at 7% in 2015, followed closely by students and their families, at 6% in 2015. The categories of visa recipients with the largest numerical and percentage growth between 2005 and 2015 were temporary visitors for business or pleasure, with growth of 4.8 million people or 128%, and students and their families, at growth of 163% or 427 thousand people. Refugee and asylum-seeker visas issued increased 21% during this period and comprised 9% of the total immigrant visas issued in 2015, up from 7% in 2005.

### Unauthorized entry to the US

(In thousands, except percentages and rates or otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Border apprehensions of illegal aliens	337	487	463	1,189	(31)%	(27)%	(72)%
<i>Rate of apprehensions per attempted crossing (apprehensions plus estimated undocumented population)</i>	<i>na</i>	4%	4%	10%	<i>na</i>	<i>na</i>	<i>na</i>
Persons removed or returned <sup>1</sup>	456	569	856	1,343	(20)%	(47)%	(66)%
<i>Rate of those removed or returned per estimated undocumented person in the population</i>	<i>na</i>	<i>na</i>	8%	13%	<i>na</i>	<i>na</i>	<i>na</i>
Persons removed or returned with a prior criminal conviction	140	173	170	92	(17)%	(18)%	52%
<i>Rate of those removed or returned that had a prior criminal conviction</i>	31%	30%	20%	7%	1ppt	11ppt	24ppt

<sup>na</sup> An “na” reference in the table means the data is not available.

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click “[More detail](#)” to access it.

<sup>1</sup> Removals are the compulsory and confirmed movement of an inadmissible or deportable alien out of the US based on an order of removal. An alien who is removed has administrative or criminal consequences placed on subsequent reentry owing to the fact of the removal. Returns are the confirmed movement of an inadmissible or deportable alien out of the US not based on an order of removal.

Border apprehensions have fluctuated but decreased over the past decade. Nearly all (98% in 2015) border apprehensions occur at the southwest border of the US, and roughly half (56% in 2015) of all illegal aliens apprehended are from Mexico. However, over the last decade, illegal aliens apprehended from Mexico have decreased 82%, while illegal aliens apprehended from other locations have decreased 10%.

The number of persons removed or returned decreased 66% over the past decade. Of those removed in 2015: 72% were from Mexico, of whom 45% had a prior criminal conviction and 55% did not; 10% were from Guatemala, of whom 32% had a prior criminal conviction and 68% did not; and 6% were from Honduras, of whom 42% had a prior criminal conviction and 58% did not. Of those returned in 2015, 52% were from North America, including 31% from Mexico and 17% from Canada, and 35% were from Asia, including 16% from the Philippines and 10% from China.

The number of border agents increased 80% nationwide and 77% at the southwest US border over the past decade.

### Estimated unauthorized immigrant population in the US

	2000	2005	2010	2010 <sup>1</sup>	2011 <sup>2</sup>	2012 <sup>2</sup>	2013 <sup>2</sup>	2014 <sup>2</sup>
<b>Unauthorized immigrants</b>								
Estimated population (in thousands)	8,460	10,500	10,790	11,600	11,510	11,430	11,900	12,120
<b>Period of entry</b>								
1980 to 1984	na	10.0%	7.9%	na	7.4%	7.8%	na	na
1985 to 1989	na	11.1%	10.8%	na	9.3%	9.7%	na	na
1990 to 1994	na	19.9%	15.5%	na	14.3%	15.0%	na	na
1995 to 1999	na	29.8%	27.1%	na	26.3%	25.5%	na	na
2000 to 2004	na	29.2%	29.6%	na	28.9%	28.4%	na	na
2005 to 2011	na	—%	9.2%	na	13.7%	13.5%	na	na
<b>Age and sex</b>								
Male	na	na	57.0%	na	53.3%	53.4%	na	na
Female	na	na	43.0%	na	46.7%	46.6%	na	na
Under 18 years	na	na	11.4%	na	11.7%	9.8%	na	na
18 to 24 years	na	na	12.0%	na	14.0%	12.3%	na	na
25 to 34 years	na	na	35.1%	na	32.4%	32.0%	na	na
35 to 44 years	na	na	27.7%	na	26.6%	29.0%	na	na
45 to 54 years	na	na	10.2%	na	11.2%	12.2%	na	na
55+years	na	na	3.6%	na	4.1%	4.5%	na	na
<b>Country of birth</b>								
Mexico	55.3%	56.9%	61.5%	58.3%	59.5%	58.8%	na	na
El Salvador	5.1%	4.5%	5.7%	5.7%	5.8%	6.0%	na	na
Guatemala	3.4%	3.5%	4.8%	4.4%	4.5%	4.9%	na	na
Honduras	1.9%	1.7%	3.1%	3.2%	3.3%	3.1%	na	na
Philippines	2.4%	2.0%	2.6%	2.5%	2.4%	2.7%	na	na
India	1.4%	2.7%	1.9%	2.3%	2.1%	2.3%	na	na
Korea	2.1%	2.0%	1.6%	1.9%	2.0%	2.0%	na	na
China	2.2%	2.2%	1.2%	2.6%	2.4%	1.8%	na	na
Other countries	26.1%	24.5%	17.6%	19.0%	17.9%	18.3%	na	na

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>††</sup> The unauthorized resident immigrant population is defined as all foreign-born non-citizens who are not legal residents and calculated as: the legally resident population (includes all persons who were granted lawful permanent residence; granted asylum; admitted as refugees; or admitted as nonimmigrants for a temporary stay in the US and not required to leave by January of the respective year) on January 1 of the respective year less the total foreign-born population living in the US on the same date. Under section 249 of the Immigration and Nationality Act (INA), the registry provision, qualified persons who have resided continuously in the US since prior to January 1, 1972 may apply for legal permanent resident (LPR) status. Additionally, persons who had resided continuously in the US since prior to January 1, 1982 as unauthorized residents were eligible to adjust for LPR status under the Immigration Reform and Control Act (IRCA) of 1986.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> Revised by DHS to be consistent with estimates derived from the 2010 Census.

<sup>2</sup> 2011-2014 estimates should not be compared with DHS estimates previously released for 2000-2010 due to the use of the 2010 Census population estimates versus the 2000 Census population estimates. A revision for 2010 to be consistent with the 2010 Census has been provided by DHS.

Due to a change in methodology, we are not able to compare the estimated undocumented population consistently across all periods presented in this report. However, based on an analysis of the available data, the estimated undocumented population appears to be increasing.

### Other border security

(In thousands, except percentages and rates or otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Intellectual property seizures <sup>1</sup>	29	23	20	8	26%	45%	263%
Intellectual property seizures per 100 border agents	143	110	97	71	30%	47%	101%
Drugs seized at the border coming into the US (kgs)	1,012	1,106	na	na	(8)%	na	na
Airport firearm discoveries (actual)	2,653	2,212	1,123	660	20%	136%	302%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> Products that are seized because they infringe on US trademarks, copyrights, and patents.

## Intellectual property seizures

Intellectual property seizures have nearly tripled over the last decade, and the average border agent is seizing more goods. There have been changes in the sources and nature of the goods seized:

- *Country of origin* – China and Hong Kong were consistently the top two sources of goods seized during the periods of this report, while many of the other originators have changed; four of the top 10 originators in 2005 were not among the top 10 in 2015. In 2015, most seized goods originated in China or Hong Kong, including 52% and 35%, respectively, of the value of goods seized. In 2005, 69% of the value of goods seized originated in China, while the second highest originator was Hong Kong at 6% of the value seized.
- *Commodities seized* - In 2015, the top (those 10% or more of the value) commodities seized were watches/jewelry (43% of the value), handbags/wallets (15%), wearing apparel/accessories (12%), and consumer electronics/parts (10%). In 2005, the top commodities seized were wearing apparel (17% of the value), handbags/wallets/backpacks (16%), cigarettes (10%), and footwear (10%).

The rate of increase in seizures of these goods has increased nearly tenfold the rate of increase in paid consumption of them. Paid consumption of jewelry and watches; luggage and similar personal items; clothing and footwear; and video, audio, photographic, and information processing equipment and media increased 35%, 78%, 23%, and 37%, respectively, in the past decade.

## Drug seizures

We do not have border drug seizures data for periods prior to 2012. However, for the periods where we do have data, total kilograms of drugs seized at the border have declined, primarily due to decreased seizures of marijuana, offset in part by increased seizures of methamphetamine. The decline in marijuana seizures began in 2013. Recreational use of marijuana was legalized in Colorado and Washington states in 2012.

## Airport firearm discoveries

Firearm discoveries at Transportation Security Administration airport checkpoints have consistently increased each year. In 2015, discoveries were made at 236 airports, with the greatest numbers discovered at Dallas/Fort Worth International Airport and Hartsfield-Jackson Atlanta International Airport, at 153 and 144 discoveries, respectively. Of the overall number of firearms discovered in 2015, 83% were loaded.

## Foreign affairs and foreign aid

The foreign affairs and foreign aid reporting unit aims to support American interests and values around the world through diplomacy.

(In thousands, except percentages)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Number of valid passports in circulation	125,907	121,512	101,798	64,773	4%	24%	94%
Foreign aid obligations by type (in millions):							
Governance	\$ 20,413	\$ 15,013	\$ 22,609	\$ 15,065	36%	(10)%	35%
Health and population	\$ 9,619	\$ 9,757	\$ 7,971	\$ 5,049	(1)%	21%	91%
Humanitarian	\$ 6,942	\$ 6,226	\$ 5,358	\$ 3,742	12%	30%	86%
Other	\$ 12,216	\$ 12,090	\$ 12,288	\$ 11,414	1%	(1)%	7%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

The number of passports in circulation has increased consistently, outpacing the rate of population growth.

Foreign aid has increased over the past decade in all major categories, with aid in the three largest categories outpacing inflation. According to the Congressional Research Service, "Key foreign assistance trends in the past decade include growth in development aid, particularly global health programs; increased security assistance directed toward U.S. allies in the antiterrorism effort; and high levels of humanitarian assistance to address a range of crises, from the earthquake in Haiti to the violence in Syria. Adjusted for inflation, annual foreign assistance funding over the past decade was the highest it has been since the Marshall Plan in the years immediately following World War II. In FY2015, Afghanistan, Israel, Iraq, Egypt, and Jordan were the top recipients of U.S. aid, reflecting long-standing aid commitments to Israel and Egypt, the strategic significance of Afghanistan and Iraq, and the strategic and humanitarian importance of Jordan as the crisis in neighboring Syria continues to unfold. Africa was the top aid recipient region in FY2015, at 32%, followed by the Near East, at 31%, and South and Central Asia, at 25%. This was a significant shift from a decade prior, when Africa received only 17% of aid and South Central Asia 12%, reflecting significant increases in HIV/AIDS-related programs concentrated in Africa and large increases in aid to Afghanistan and Pakistan between FY2005 and FY2015. The



drawdown of U.S. military forces in Iraq and Afghanistan led to reduced military assistance starting in FY2011, but growing concern about the Islamic State in Iraq and elsewhere may stall or reverse this trend.”

By Government agency, in 2015, the Department of State and the US Agency for International Development each incurred \$13-\$14 billion in aid obligations. By country, the recipient of the greatest amount of aid in 2015 was Afghanistan at \$8 billion, followed by Israel at \$3 billion. Aid to Afghanistan increased significantly (453%) in 2002, generally grew annually from there, peaked at \$13 billion in 2011 and has declined annually since, though it increased 12% in 2015 before declining again. Aid to Israel has been relatively steady over the past 30 years, exceeding \$2 billion in 1981 and remaining between \$2 billion and \$4 billion annually since.

According to the Congressional Research Service, “Israel is the largest cumulative recipient of U.S. foreign assistance since World War II. To date, the United States has provided Israel \$134.7 billion (current, or non-inflation-adjusted, dollars) in bilateral assistance and missile defense funding. Almost all U.S. bilateral aid to Israel is in the form of military assistance, although in the past Israel also received significant economic assistance. For decades, the United States and Israel have maintained strong bilateral relations based on a number of factors, including robust domestic U.S. support for Israel and its security; shared strategic goals in the Middle East; a mutual commitment to democratic values; and historical ties dating from U.S. support for the creation of Israel in 1948. U.S. foreign aid has been a major component in cementing and reinforcing these ties.”

## General Welfare (GW)

This segment works to promote the general welfare of the US population. Its reporting units are economy and infrastructure, standard of living and aid to the disadvantaged, and health. Overall, the long-term trend for the periods presented shows we:

- **made meaningful progress** on an overall improved economy measured by an increase in GDP, the S&P 500 index, private investment (other than real estate), the federal minimum wage, and consumption, and a decrease in our net trade deficit and bankruptcy filings;
- **saw no meaningful movement** in our overall health, deaths from circulatory diseases and cancer, life expectancy at birth and average age at death, the median annual wage (adjusted for inflation), the overall poverty rate, private real estate investment and home values (adjusted for inflation), and the condition of our infrastructure (except bridges); and
- **regressed notably** in: the numbers of new home sales and those living in subsidized housing; the number of people working for minimum wage; and multiple health related factors, including rates of obesity, the cost of healthcare, and deaths from accidents, mental illness, and drugs.

## Economy and infrastructure

The economy and infrastructure reporting unit seeks to encourage economic growth and development, and to limit economic volatility. It also works to ensure there are jobs for those who can work and to maintain minimum wages.

## Economy

### Investment, Gross Domestic Product (GDP), and trade

(In thousands, except percentages and rates or otherwise noted)	2015	2014	2010	2005	Change	Change	Change
					2015 vs. 2014	2015 vs. 2010	2015 vs. 2005
<b>Investment and GDP</b>							
S&P 500 (end of December) (actual)	2,044	2,059	1,258	1,248	(1)%	62%	64%
S&P 500 adjusted for inflation (base 2015)	2,044	2,069	1,384	1,607	(1)%	48%	27%
Private fixed investment (in billions) <sup>1</sup>	\$ 2,982	\$ 2,838	\$ 2,039	\$ 2,468	5%	46%	21%
Residential	\$ 645	\$ 570	\$ 381	\$ 856	13%	69%	(25)%
Nonresidential	\$ 2,336	\$ 2,268	\$ 1,658	\$ 1,612	3%	41%	45%
Private fixed investment per capita	\$ 9,289	\$ 8,907	\$ 6,604	\$ 8,351	4%	41%	11%
Private fixed investment adjusted for inflation (base 2015)	\$ 2,963	\$ 2,852	\$ 2,243	\$ 3,177	4%	32%	(7)%
GDP (in billions)	\$ 18,121	\$ 17,428	\$ 14,964	\$ 13,094	4%	21%	38%
GDP (in billions) adjusted for inflation (base 2015, using GDP deflator)	\$ 18,121	\$ 17,482	\$ 16,298	\$ 16,020	4%	11%	13%
GDP per capita	\$ 56,445	\$ 54,698	\$ 48,467	\$ 44,309	3%	16%	27%
<b>Trade</b>							
Annual goods, services, and income trade surplus (deficit) between the US and other countries (in millions):	\$ (434,598)	\$ (373,800)	\$ (430,698)	\$ (745,234)	16%	1%	(42)%
China	\$ (362,103)	\$ (342,689)	\$ (300,245)	\$ (219,796)	(6)%	(21)%	(65)%
Netherlands	\$ 80,817	\$ 84,006	\$ 70,611	\$ 29,491	(4)%	14%	174%
Japan	\$ (79,813)	\$ (82,281)	\$ (75,355)	\$ (94,081)	3%	(6)%	15%
Germany	\$ (77,312)	\$ (89,654)	\$ (49,635)	\$ (57,002)	14%	(66)%	(36)%
Other	\$ 3,813	\$ 56,818	\$ (79,074)	\$ (403,846)	(93)%	(105)%	(101)%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>1</sup> Private fixed investment (PFI) measures spending by private businesses, nonprofit institutions, and households on fixed assets in the US economy. Fixed assets consist of structures, equipment, and software that are used in the production of goods and services. PFI encompasses the creation of new productive assets, the improvement of existing assets, and the replacement of worn out or obsolete assets.

The S&P500 increased annually during the first years of the decade covered by this report, peaked in 2007, dropped and bottomed out in 2009 in connection with the Great Recession, and began climbing again, surpassing its pre-recession value in 2013, and increasing for the rest of the decade before leveling off in 2015.

Private fixed investment followed the same trend. Over the past decade, private fixed investment increased 43% in nonresidential investments, offset in part by a 24% decrease in residential investment. Within nonresidential, the largest increases were in equipment, which increased \$291 billion or 37%, followed by intellectual property, which increased \$242 billion, or 51% over the past decade. Within residential, the largest dollar and percentage decreases were in single family residential structures. Adjusted for inflation, private fixed investment decreased 7% in the past decade.

Gross domestic product (GDP) has grown over the past decade, even when adjusted for inflation and per capita. By industry, the largest increases were in: finance, insurance, real estate, rental, and leasing (up \$1.0 trillion or 41%); professional and business services (up \$739 billion or 51%); government (up \$617 billion or 36%); and educational services, health care, and social assistance (up \$536 billion or 56%). The lowest growth was in agriculture, forestry, fishing, and hunting (up \$56 billion or 44%). There were no declines in major industry categories.

The US has an overall net trade deficit with other countries, comprised largely of a deficit with China. China comprised 77% of our overall net trade deficit in 2015, made up mostly of a deficit in the trading of goods. The country with whom we have the largest trade surplus is the Netherlands. The majority of that surplus comprised a surplus of income, meaning Americans earned more income in the Netherlands than the Dutch earned in the US.

## Businesses

(In thousands, except percentages and rates or otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
<b>Businesses</b>							
Establishments less than one year old	679	653	561	680	4%	21%	—%
Net change in establishments (number of openings less closings)	101	92	(115)	94	10%	188%	7%
<b>Bankruptcy filings:</b>							
Business bankruptcy filings	860	964	1,596	1,783	(11)%	(46)%	(52)%
<i>Business bankruptcy filings per 10,000 businesses</i>	25	28	58	34	(11)%	(57)%	(26)%
<i>Business bankruptcy filings per 10,000 businesses</i>	42	49	102	57	(14)%	(59)%	(26)%
Non-business bankruptcy filings	835	935	1,538	1,748	(11)%	(46)%	(52)%
<i>Non-business bankruptcy filings per 100,000 adults</i>	338	382	656	788	(12)%	(48)%	(57)%
Bank failures	8	18	157	—	(56)%	(95)%	nm
<i>Bank failures per 100,000 banks</i>	129	290	2,050	—	(56)%	(94)%	nm

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

Establishments less than one year old and net changes in establishments vary from year to year and decreased in and around the Great Recession. Bankruptcy filings have decreased over the past decade, both business and non-business. Bank failures increased from 2005 to 2010 when they peaked in frequency and have declined since.

## Housing

(In thousands, except percentages and rates or otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
New home sales	501	437	323	1,283	15%	55%	(61)%
<i>New home sales per 100,000 adults</i>	203	178	138	578	14%	47%	(65)%
Median new home price	\$ 294	\$ 283	\$ 221	\$ 234	4%	33%	26%
<i>Median home price adjusted for inflation (base 2015)</i>	294	284	243	301	4%	21%	(2)%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

New home sales peaked in 2005, bottomed out in 2011 after a 76% decline from the peak amidst the Great Recession, and have been increasing annually since, yet have not reached pre-recession levels. In the past decade, the largest decline in units of new homes sold was in the South (352 thousand homes), while the largest rates of decline (70%) were in both the Northeast and Midwest. Between 2011 and 2015, the increases in new home sales were the greatest in the South (118 thousand homes) and grew at the fastest rate in the West (81%).

The median price for a new home followed a similar pattern as new home sales, decreasing during the Great Recession and increasing since, surpassing the pre-recession highs in 2012. However, median home prices have not recovered enough to catch up with inflation; inflation adjusted, the median home price is down 2% from a decade ago.

## Jobs and wages

(In thousands, except percentages and rates or otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Total employment <sup>1</sup>	141,843	138,958	130,361	134,051	2%	9%	6%
<i>Jobs per person in working age population (ages 16-64)<sup>2</sup></i>	0.68	0.67	0.64	0.69	1%	6%	(1)%
Median annual wage (actual)	\$ 36,200	\$ 35,540	\$ 33,840	\$ 29,430	2%	7%	23%
<i>Median annual wage adjusted for inflation (2015 base)</i>	\$ 36,200	\$ 35,715	\$ 37,229	\$ 37,889	1%	(3)%	(4)%
Workers at or below minimum wage	2,561	2,992	4,361	1,882	(14)%	(41)%	36%
<i>Workers at or below minimum wage per 1,000 hourly employees</i>	33	39	60	25	(15)%	(45)%	32%
Federal minimum wage per hour	\$ 7.25	\$ 7.25	\$ 7.25	\$ 5.15	—%	—%	41%
<i>Federal minimum wage per hour adjusted for inflation (2015 base)</i>	\$ 7.25	\$ 7.29	\$ 7.98	\$ 6.63	(1)%	(9)%	9%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>1</sup> Total employment is from the current employment statistics (CES) survey and represents average annual national non-farm employment.

<sup>2</sup> Total employment divided by the working age population of the US.

## Jobs

Total employment increased during the periods presented in this report but has not kept pace with growth in the working age population. Over the past decade, total employment increased 6% while the working age population increased 7%, resulting in a decrease of 1% in jobs per person of working age.

### Demographically:

- *Sex* - The number of employed women increased more over the past decade (up 6% to 70 million workers) than did the number of employed men (up 4% to 79 million workers).
- *Race and ethnicity* - The number of employed Asian people increased at the greatest rate (up 39% to 9 million workers) followed closely by Hispanic people (up 31% to 24 million workers), while the number of employed white people increased only 1% (to 118 million workers).
- *Type of job* - The number of jobs increased the most in the food preparation and serving related, business and financial operations, healthcare practitioners and technicians, personal care and service, and computer and mathematical fields (all adding more than 1 million jobs each in a decade), while the number of jobs decreased the most in production, which lost more than 1 million jobs. Production jobs include but are not limited to: assemblers and fabricators; food processing workers; metal workers and plastic workers; printing, textile, apparel, and furnishings workers; and woodworkers.

## Wages

The median annual wage increased across all job categories over the past decade but did not keep up with inflation. By job:

- The largest unadjusted dollar increase in median annual wages was in management jobs, increasing \$20,930 a year or 27% to \$98,560.
- Architects and engineers saw the largest percentage increase at 28% or \$16,670 to \$76,870, while computer and math workers and business and financial operations workers saw an increase of 27% or \$17,490 to \$81,430.
- Retail salespersons saw the smallest dollar and percentage increase in median annual wage at a \$2,640 or 14% increase to \$21,780.

The job category with the highest median annual wage is management, at \$98,560 in 2015. The job category with the lowest median annual wage is cashier, at \$19,310 in 2015.

The number of workers paid at or below minimum wage increased 36% over the past decade, significantly outpacing growth in total employment and the working age population. However, the federal minimum wage per hour increased at a rate greater than that of median annual wages, pre- and post-inflation. The District of Columbia and 29 states have higher minimum wages than the federal minimum wage, up to \$10.50 per hour in the District of Columbia. Five states have no state level minimum wage.

## Employment Profile (2015)

We also analyze employment by family and individual units (FIUs) and income cohort. See *Part I, Item 1. Purpose and Function of Our Government, Customers, Cohorts of our population* of this report for a discussion of FIUs and income cohorts. An important thing to note when viewing the table below is that the income cohorts are based on average total Market Income, which equals the sum of average: wages and salaries, supplements to wages and salaries, self-employment income, interest income, rental income, S Corporation income, dividend income, capital gains income, net retirement income, and other market income. Therefore, an FIU can be counted as unemployed in the table below but still have income.

Family and Individual Unit Sub Group /Income %	16+ Population (in K)	Employed (in K)	Unemployed (in K)	Employment- Population Ratio	Labor Force Participation Rate	Unemployment Rate	Avg. Number of Hours Worked per Unit		% of Units with # of Primary Earners		
							Primary Earners	All Earners	0	1	2
							Earners	Earners	Earners	Earners	Earners
<b>All Family and Individual Units</b>	<b>256,989</b>	<b>150,762</b>	<b>8,390</b>	<b>58.7%</b>	<b>61.9%</b>	<b>5.3%</b>	<b>35.5</b>	<b>39.1</b>	<b>27%</b>	<b>50%</b>	<b>23%</b>
Bottom 5% (\$0)	5,805	352	265	6.1%	10.6%	43.0%	—	—	100%	—%	—%
Bottom 5%-20% (\$0-\$9k)	28,998	7,228	1,512	24.9%	30.1%	17.3%	7.7	8.1	67%	32%	1%
Second 20% (\$9k-\$32k)	42,964	20,487	1,776	47.7%	51.8%	8.0%	22.1	24.3	35%	61%	4%
Middle 20% (\$32k-\$62k)	48,675	29,170	1,594	59.9%	63.2%	5.2%	35.0	38.4	18%	71%	11%
Fourth 20% (\$62k-\$114k)	58,851	41,119	1,560	69.9%	72.5%	3.7%	49.8	55.0	8%	56%	36%
Top 2%-20% (\$114k-\$694k)	64,483	48,998	1,486	76.0%	78.3%	2.9%	63.8	70.8	4%	34%	61%
Top 1% (\$694k+)	3,417	2,488	69	72.8%	74.8%	2.7%	64.8	70.6	4%	37%	59%
<b>Married No Kids</b>	<b>57,574</b>	<b>40,116</b>	<b>1,662</b>	<b>69.7%</b>	<b>72.6%</b>	<b>4.0%</b>	<b>59.4</b>	<b>65.3</b>	<b>9%</b>	<b>29%</b>	<b>63%</b>
Bottom 5%	410	17	10	4.0%	6.6%	38.6%	—	—	100%	—%	—%
Bottom 5%-20%	2,529	622	91	24.6%	28.2%	12.8%	13.8	14.4	59%	30%	11%
Second 20%	3,817	1,642	123	43.0%	46.2%	7.0%	29.2	31.8	28%	49%	23%
Middle 20%	7,243	4,010	301	55.4%	59.5%	7.0%	44.1	47.5	12%	47%	40%
Fourth 20%	16,290	11,989	422	73.6%	76.2%	3.4%	63.3	68.0	2%	31%	67%
Top 2%-20%	25,216	20,535	663	81.4%	84.1%	3.1%	73.4	82.2	1%	18%	81%
Top 1%	1,388	1,111	34	80.1%	82.5%	2.9%	73.7	81.7	2%	22%	76%
<b>Married Parents</b>	<b>63,917</b>	<b>42,764</b>	<b>1,812</b>	<b>66.9%</b>	<b>69.7%</b>	<b>4.1%</b>	<b>63.7</b>	<b>67.2</b>	<b>2%</b>	<b>32%</b>	<b>66%</b>
Bottom 5%	152	17	8	11.3%	16.2%	30.7%	—	—	100%	—%	—%
Bottom 5%-20%	1,894	636	106	33.6%	39.2%	14.3%	22.0	22.9	38%	49%	13%
Second 20%	4,462	2,255	239	50.6%	55.9%	9.6%	44.6	46.7	4%	63%	33%
Middle 20%	10,001	5,719	361	57.2%	60.8%	5.9%	52.1	55.0	1%	53%	46%
Fourth 20%	20,034	13,828	520	69.0%	71.6%	3.6%	65.4	69.1	—%	30%	70%
Top 2%-20%	25,791	19,310	534	74.9%	76.9%	2.7%	73.8	77.8	—%	19%	81%
Top 1%	1,222	844	26	69.1%	71.2%	3.0%	73.7	77.2	—%	26%	74%
<b>Single No Kids</b>	<b>60,490</b>	<b>42,403</b>	<b>2,765</b>	<b>70.1%</b>	<b>74.7%</b>	<b>6.1%</b>	<b>29.0</b>	<b>31.9</b>	<b>22%</b>	<b>78%</b>	<b>—%</b>
Bottom 5%	2,801	253	168	9.1%	15.0%	39.8%	—	—	100%	—%	—%
Bottom 5%-20%	10,768	4,200	750	39.0%	46.0%	15.1%	10.6	10.9	53%	47%	—%
Second 20%	14,521	10,350	753	71.3%	76.5%	6.8%	28.1	30.0	17%	83%	—%
Middle 20%	14,994	12,835	504	85.6%	89.0%	3.8%	38.7	41.8	4%	96%	—%
Fourth 20%	11,101	9,807	373	88.3%	91.7%	3.7%	41.4	47.3	2%	98%	—%
Top 2%-20%	5,118	4,494	156	87.8%	90.8%	3.4%	42.7	51.9	2%	98%	—%
Top 1%	156	138	4	88.3%	90.6%	2.6%	41.9	44.0	2%	98%	—%
<b>Single Parents</b>	<b>22,235</b>	<b>12,286</b>	<b>1,390</b>	<b>55.3%</b>	<b>61.5%</b>	<b>10.2%</b>	<b>25.9</b>	<b>29.3</b>	<b>25%</b>	<b>75%</b>	<b>—%</b>
Bottom 5%	977	62	77	6.4%	14.2%	55.3%	—	—	100%	—%	—%
Bottom 5%-20%	4,304	1,090	416	25.3%	35.0%	27.6%	6.5	6.9	64%	36%	—%
Second 20%	6,222	3,870	454	62.2%	69.5%	10.5%	29.5	31.6	7%	93%	—%
Middle 20%	5,875	4,008	259	68.2%	72.6%	6.1%	37.7	41.8	3%	97%	—%
Fourth 20%	3,392	2,381	138	70.2%	74.3%	5.5%	40.9	49.6	2%	98%	—%
Top 2%-20%	1,042	768	26	73.7%	76.2%	3.3%	40.8	54.1	3%	97%	—%
Top 1%	48	35	1	73.6%	75.8%	2.9%	40.8	58.0	3%	97%	—%
<b>Elderly (age 65+)</b>	<b>52,773</b>	<b>13,193</b>	<b>762</b>	<b>25.0%</b>	<b>26.4%</b>	<b>5.5%</b>	<b>10.8</b>	<b>13.8</b>	<b>71%</b>	<b>23%</b>	<b>6%</b>
Bottom 5%	1,465	2	2	0.2%	0.3%	46.4%	—	—	100%	—%	—%
Bottom 5%-20%	9,503	680	148	7.2%	8.7%	17.9%	1.6	2.0	91%	8%	1%
Second 20%	13,943	2,370	207	17.0%	18.5%	8.0%	4.9	7.3	81%	18%	2%
Middle 20%	10,561	2,598	169	24.6%	26.2%	6.1%	9.8	13.7	69%	26%	5%
Fourth 20%	8,035	3,113	108	38.7%	40.1%	3.3%	20.9	26.3	47%	40%	12%
Top 2%-20%	7,315	3,891	107	53.2%	54.7%	2.7%	34.8	41.6	28%	46%	26%
Top 1%	603	360	5	59.7%	60.5%	1.3%	46.1	51.7	15%	50%	34%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

In 2015, of the 257.0 million FIUs age 16 and older:

- 150.8 million FIUs or 58.7% of FIUs had jobs;
- 97.8 million FIUS or 38.1% were not participating in the workforce (neither employed nor actively looking for work); and
- 8.4 million FIUs or 3.3% were unemployed (not employed and had been actively looking for a job for the prior four weeks).

#### Unemployed (not working, actively looking)

The 3.3% of the age 16 and older population that was unemployed is different than the 5.3% unemployment rate shown in the cohort table above because the 5.3% represents the unemployed divided by the labor force (those employed and unemployed, excluding those not participating) rather than the entire population aged 16 and older.

A third of FIUs who are unemployed (not employed, actively looking) are single without kids, while the elderly comprise the fewest number of FIUs unemployed, at 9% of the unemployed population. The group with the lowest unemployment rate (unemployed divided by the labor force) was those married without kids, at 4.0%, while the highest was single parents, at 10.2%.

#### Not participating (not working, not looking)

Of the 97.8 million FIUs or 38.1% of those that are not participating in the workforce, a plurality (38.8 FIUs people or 40%) were elderly (age 65 and older). The remaining 60% were, by family type:

- 15.8 million or 16% were married without kids;
- 19.3 million or 20% were married parents;
- 15.3 million or 15% were single without kids; and
- 8.6 million or 9% were single parents.

#### Employment by income cohort

Generally, the percentage of FIUs employed increase, while the percentages of those either unemployed or not participating in the labor force decrease, as we move up the income cohorts:

- the employment rate climbs from 6.1% in the lowest cohort to 76.0% in the second highest cohort, and then declines to 72.8% for the top 1% cohort;
- the rate of those not participating in the labor force decreases from 89.4% in the lowest income cohort until it reaches to 21.7% in the second highest income cohort, and then increases to 25.2% for the top 1% cohort; and
- the unemployment rate (as defined in the table above) decreases from 43.0% for the lowest income cohort and decreases all the way through the top 1% cohort where it is 2.7%.

By income cohort, of the 97.8 million FIUs or 38.1% not participating in the workforce:

- 5.2 million or 5% were in the bottom 5%;
- 20.3 million or 21% were in the bottom 5-20%;
- 20.7 million or 21% were in the second 20%;
- 17.9 million or 18% were in the middle 20%;
- 16.2 million or 17% were in the fourth 20%;
- 14.0 million or 14% were in the top 2% to 20%; and
- 0.9 million or 1% were in the top 1%.

#### Workweek

The workweek averaged 39.1 hours for all FIUs. The number rises with incomes, ranging from zero for the bottom 5% income cohort, to 70.6 hours among the top 1% income cohort. There may be multiple people in an FIU who work, so this is not the number of hours worked by each individual.

## Infrastructure

(In thousands, except percentages)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Percentage of roads in unsatisfactory condition by type: <sup>1</sup>							
Interstates	3%	3%	na	3%	—ppt	na	—ppt
Other freeways and expressways	8%	8%	na	8%	—ppt	na	—ppt
Other principal arterials	14%	13%	na	13%	1ppt	na	1ppt
Minor arterials	20%	18%	na	14%	2ppt	na	6ppt
Major collectors	22%	20%	na	16%	2ppt	na	6ppt
Collectors	52%	50%	na	50%	2ppt	na	2ppt
Percentage of bridges structurally deficient <sup>2</sup>	10%	10%	12%	13%	—ppt	(2)ppt	(13)ppt
Percentage of bridges functionally obsolete <sup>3</sup>	14%	14%	14%	15%	—ppt	—ppt	(1)ppt
Hours of delay per commuter per year	na	42	40	41	na	na	na
Fuel wasted due to commuter delays (billion gallons)	na	3.1	2.5	2.7	na	na	na
Fuel wasted due to commuter delays, per 100,000 miles (in gallons)	na	102	84	90	na	na	na

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> Unsatisfactory condition means an International Roughness Index (IRI) value greater than 170, as used by the National Cooperative Highway Research Program (NHCPR).

<sup>2</sup> Structurally deficient means a bridge that has a condition rating of 4 or less for the deck, superstructures, substructures, or culvert and retaining walls, or an appraisal rating of 2 or less for the structural condition or waterway adequacy, as defined by the Federal Highway Administration (<https://www.fhwa.dot.gov/bridge/0650dsup.cfm>).

<sup>3</sup> Functionally obsolete means a bridge that has an appraisal rating of 3 or less for deck geometry, underclearances, or approach roadway alignment, or an appraisal rating of 3 for structural condition or waterway adequacy, as defined by the Federal Highway Administration (<https://www.fhwa.dot.gov/bridge/0650dsup.cfm>).

All types of roads except interstates became more unsatisfactory in condition over the past decade, while bridges improved in condition. As of 2015, the roads in the worst condition, at 52% unsatisfactory, are the collectors. Collectors are, for rural areas, routes that serve intra-county rather than statewide travel, and in urban areas, streets that provide direct access to neighborhoods and arterials<sup>48</sup>. Bridges, as of 2015, were 10% structurally deficient and 14% functionally obsolete.

Commuters are becoming more delayed per mile driven and are wasting more fuel in the process.

## Standard of living and aid to the disadvantaged

The standard of living and aid to the disadvantaged reporting unit seeks to maintain a minimum standard of living for all Americans and reduce levels of poverty among the US population, including children, by providing for their basic needs including welfare, free and subsidized school lunches, and child healthcare.

## Poverty

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Rate of poverty of all persons - Official Poverty Measure	14%	15%	15%	13%	(1)ppt	(1)ppt	1ppt
Rate of poverty of all persons - Supplemental Poverty Measure	14%	15%	16%	na	(1)ppt	(2)ppt	na

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

There are two primary government poverty measures, the Official Poverty Measure (OPM) and the Supplemental Poverty Measure (SPM), which began in 2010. The key differences are that the SPM uses a different definition of income and a different poverty threshold. The OPM income or resource measure is pre-tax cash income, while the SPM income or resource measure is cash income plus in-kind government benefits (such as food stamps and housing subsidies) minus nondiscretionary expenditures (e.g. taxes and work expenses). The OPM poverty thresholds are based on the cost of food multiplied by 3 to allow for expenditures on other goods and services, adjusted for changes in prices, while the SPM thresholds are based on a broad measure of necessary expenditures (food, clothing, shelter, and utilities) and are based on recent, annually updated expenditure data, adjusted for geographic differences in the cost of living. The two measures (OPM and SPM) produce rather different pictures of who is counted as poor.

We discuss and show the details of both poverty measures below. Note that the rates in the table above are per individual, while the tables below are per family and individual unit (FIU), consistent with our other cohort tables.

Poverty profile using Official Poverty Measure (2015)

Family and Individual Unit Sub Group / % of Poverty Threshold %	# of Units (in K)	Average Per Unit			Top Earner Sex		Race, Ethnicity of Unit Head							Geographic Region				
		Persons	Children (Under 18)	Age of Unit Head	% Male	% Female	% White (all ethnicities)	% Black (all ethnicities)	% Asian (all ethnicities)	% Other Race (all ethnicities)	% Hispanic (all races)	% US-Born	% Urban	% Rural	% Northeast	% Midwest	% South	% West
<b>All Families</b>	<b>146,713</b>	<b>2.2</b>	<b>0.5</b>	<b>49.6</b>	<b>56%</b>	<b>44%</b>	<b>79%</b>	<b>13%</b>	<b>5%</b>	<b>2%</b>	<b>15%</b>	<b>84%</b>	<b>82%</b>	<b>18%</b>	<b>18%</b>	<b>21%</b>	<b>38%</b>	<b>23%</b>
<100% of poverty threshold	22,193	1.9	0.7	44.5	40%	60%	69%	23%	6%	3%	21%	80%	79%	21%	17%	19%	41%	22%
100%-200%	27,342	2.1	0.6	50.5	49%	51%	77%	17%	4%	3%	21%	81%	78%	22%	16%	21%	41%	23%
200%-300%	23,738	2.1	0.5	49.6	55%	45%	79%	14%	5%	3%	17%	84%	80%	20%	16%	22%	38%	23%
300%-400%	18,574	2.2	0.5	49.4	58%	42%	81%	12%	5%	2%	13%	86%	82%	18%	17%	23%	38%	22%
400%+	54,867	2.3	0.4	50.8	65%	35%	84%	9%	7%	1%	8%	88%	86%	14%	20%	22%	34%	24%
<b>Single No Kids</b>	<b>50,957</b>	<b>1.2</b>	<b>—</b>	<b>40.7</b>	<b>52%</b>	<b>48%</b>	<b>76%</b>	<b>17%</b>	<b>5%</b>	<b>2%</b>	<b>15%</b>	<b>86%</b>	<b>84%</b>	<b>16%</b>	<b>18%</b>	<b>21%</b>	<b>37%</b>	<b>24%</b>
<100% of poverty threshold	11,002	1.1	—	39.4	45%	55%	69%	23%	6%	3%	16%	85%	81%	19%	17%	19%	40%	22%
100%-200%	9,110	1.2	—	40.9	50%	50%	75%	19%	4%	3%	19%	84%	81%	19%	16%	22%	38%	24%
200%-300%	9,257	1.2	—	39.4	52%	48%	76%	16%	4%	3%	17%	86%	84%	16%	16%	23%	37%	24%
300%-400%	6,575	1.3	—	40.3	50%	50%	76%	17%	5%	2%	14%	87%	85%	15%	17%	22%	38%	23%
400%+	15,013	1.2	—	42.5	59%	41%	80%	12%	6%	1%	10%	88%	90%	10%	21%	20%	34%	26%
<b>Single Parents</b>	<b>14,902</b>	<b>2.8</b>	<b>1.7</b>	<b>35.2</b>	<b>23%</b>	<b>77%</b>	<b>67%</b>	<b>27%</b>	<b>3%</b>	<b>4%</b>	<b>25%</b>	<b>84%</b>	<b>81%</b>	<b>19%</b>	<b>16%</b>	<b>21%</b>	<b>42%</b>	<b>21%</b>
<100% of poverty threshold	4,939	3.1	2.0	33.6	17%	83%	62%	31%	2%	4%	27%	81%	78%	22%	16%	21%	43%	20%
100%-200%	4,237	2.9	1.7	35.1	21%	79%	66%	29%	2%	3%	29%	83%	80%	20%	15%	21%	43%	21%
200%-300%	2,265	2.7	1.5	36.0	27%	73%	67%	25%	3%	5%	21%	85%	81%	19%	15%	22%	42%	22%
300%-400%	1,458	2.6	1.4	36.5	26%	74%	74%	20%	4%	3%	19%	89%	85%	15%	18%	20%	42%	20%
400%+	2,003	2.5	1.3	37.4	36%	64%	76%	19%	3%	2%	17%	90%	88%	12%	19%	19%	38%	24%
<b>Married No Kids</b>	<b>23,910</b>	<b>2.4</b>	<b>—</b>	<b>51.0</b>	<b>71%</b>	<b>29%</b>	<b>84%</b>	<b>8%</b>	<b>6%</b>	<b>1%</b>	<b>11%</b>	<b>84%</b>	<b>81%</b>	<b>19%</b>	<b>17%</b>	<b>22%</b>	<b>38%</b>	<b>23%</b>
<100% of poverty threshold	966	2.2	—	52.2	56%	44%	77%	12%	7%	3%	22%	74%	75%	25%	12%	16%	44%	27%
100%-200%	2,002	2.4	—	51.9	74%	26%	79%	11%	8%	2%	23%	75%	74%	26%	12%	17%	47%	24%
200%-300%	2,450	2.4	—	50.9	69%	31%	81%	10%	6%	3%	20%	76%	76%	24%	14%	20%	41%	25%
300%-400%	2,960	2.5	—	51.2	70%	30%	83%	10%	6%	1%	14%	81%	79%	21%	15%	23%	40%	21%
400%+	15,532	2.4	—	50.8	72%	28%	86%	7%	6%	1%	7%	88%	83%	17%	19%	23%	35%	22%
<b>Married Parents</b>	<b>24,777</b>	<b>4.2</b>	<b>1.9</b>	<b>40.3</b>	<b>77%</b>	<b>23%</b>	<b>81%</b>	<b>8%</b>	<b>9%</b>	<b>2%</b>	<b>20%</b>	<b>76%</b>	<b>83%</b>	<b>17%</b>	<b>17%</b>	<b>21%</b>	<b>37%</b>	<b>25%</b>
<100% of poverty threshold	1,872	4.8	2.5	38.1	78%	22%	80%	9%	9%	2%	45%	51%	80%	20%	14%	13%	42%	30%
100%-200%	3,972	4.6	2.2	38.2	81%	19%	81%	9%	6%	3%	38%	61%	79%	21%	12%	19%	39%	30%
200%-300%	3,908	4.3	2.0	39.1	78%	22%	79%	10%	8%	3%	25%	74%	79%	21%	14%	20%	40%	26%
300%-400%	3,654	4.2	1.9	39.8	76%	24%	82%	9%	8%	2%	16%	82%	82%	18%	16%	24%	37%	24%
400%+	11,371	4.0	1.7	42.1	74%	26%	82%	6%	10%	1%	9%	83%	87%	13%	20%	22%	35%	23%
<b>Elderly (65+)</b>	<b>32,168</b>	<b>1.7</b>	<b>—</b>	<b>72.7</b>	<b>50%</b>	<b>50%</b>	<b>85%</b>	<b>10%</b>	<b>4%</b>	<b>1%</b>	<b>7%</b>	<b>89%</b>	<b>78%</b>	<b>22%</b>	<b>19%</b>	<b>22%</b>	<b>37%</b>	<b>22%</b>
<100% of poverty threshold	3,414	1.4	0.1	74.0	32%	68%	73%	20%	5%	2%	15%	81%	76%	24%	17%	18%	43%	21%
100%-200%	8,021	1.5	—	74.5	40%	60%	82%	13%	3%	2%	9%	88%	74%	26%	18%	20%	42%	19%
200%-300%	5,857	1.7	—	73.8	50%	50%	87%	8%	3%	1%	7%	90%	78%	22%	19%	23%	37%	20%
300%-400%	3,928	1.8	—	72.7	56%	44%	89%	7%	3%	1%	6%	90%	76%	24%	19%	23%	36%	22%
400%+	10,947	1.9	—	70.8	62%	38%	88%	7%	4%	1%	4%	91%	83%	17%	20%	24%	32%	24%

† We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.

†† Poverty as defined by the Official Poverty Measure (OPM), officially used by the Census Bureau since 1963. Varies by family size, composition, and age of householder. Poverty line set as equal to three times the cost of a minimum diet in 1963 (adjusted for inflation). Uses gross income before tax as resource measure.

Over the past decade, the average poverty rate of our population increased and then declined in 2015. Demographically, in 2015:

- **Geographic region** – The region with the highest poverty rate remained the South, at 41% of all FIUs in poverty in 2015.
- **Race and ethnicity** -
  - White people accounted for the largest portion of those in poverty, at 69% of heads of FIUs below the poverty line in 2015, while they represented an even greater portion of heads of all FIUs (79%).
  - Black people were disproportionately represented among the poor, comprising 13% of heads of all FIUs, while representing 23% of heads of FIUs below the poverty line in 2015.
  - Hispanic people (included within each applicable race as well) were also disproportionately represented among the poor, comprising 15% of the heads of all FIUs, while representing 21% of the heads of FIUs in poverty in 2015.
- **Sex** - Families where women are the primary earners accounted for 44% of all FIUs in 2015 but 60% of the poor. In particular, women disproportionately supported elderly poor families, where they were head-of-household for 50% of the elderly FIUs but 68% of the elderly poor FIUs. The same was true for families who are married with no kids, where women were head-of-household for 29% of this population but 44% of the subset that was below the poverty line.
- **Family type** – In 2015, by family type, the largest number of people in poverty were single people without kids. Single parents had the highest poverty rate, 33%, which was more than three times their share of all FIUs. All other family types were under-represented among the poor (i.e. they comprised a smaller portion of the poor than they did of all FIUs).



Poverty profile using Supplemental Poverty Measure (2015)

Family and Individual Unit SubGroup / % of Poverty Threshold	Average Per Unit			Top Earner Sex		Race, Ethnicity of Unit Head					Geography							
	# of Units (in K)	Persons	Children (Under 18)	Age of Unit Head	% Male	% Female	% White	% Black	% Asian	% Other Race	% Hispanic	% US-Born	% Urban	% Rural	% Northeast	% Midwest	% South	% West
<b>All Families</b>	<b>146,713</b>	<b>2.2</b>	<b>0.5</b>	<b>49.6</b>	<b>56%</b>	<b>44%</b>	<b>79%</b>	<b>13%</b>	<b>5%</b>	<b>2%</b>	<b>15%</b>	<b>84%</b>	<b>82%</b>	<b>18%</b>	<b>18%</b>	<b>21%</b>	<b>38%</b>	<b>23%</b>
<100% of poverty threshold	23,517	2.0	0.5	47.8	46%	54%	70%	20%	7%	3%	22%	77%	83%	17%	17%	17%	40%	25%
100%-200%	43,557	2.3	0.7	48.3	51%	49%	75%	17%	5%	3%	21%	80%	81%	19%	18%	20%	38%	24%
200%-300%	30,198	2.3	0.5	48.6	58%	42%	81%	12%	5%	2%	12%	88%	81%	19%	18%	23%	37%	22%
300%-400%	18,960	2.1	0.4	50.4	61%	39%	83%	10%	5%	1%	8%	90%	81%	19%	18%	23%	36%	23%
400%+	30,481	2.2	0.3	52.8	65%	35%	87%	7%	6%	1%	6%	90%	83%	17%	18%	24%	37%	21%
<b>Single No Kids</b>	<b>50,957</b>	<b>1.2</b>	<b>—</b>	<b>40.7</b>	<b>52%</b>	<b>48%</b>	<b>76%</b>	<b>17%</b>	<b>5%</b>	<b>2%</b>	<b>15%</b>	<b>86%</b>	<b>84%</b>	<b>16%</b>	<b>18%</b>	<b>21%</b>	<b>37%</b>	<b>24%</b>
<100% of poverty threshold	10,649	1.2	—	39.5	51%	49%	68%	22%	7%	3%	18%	81%	85%	15%	18%	18%	39%	25%
100%-200%	14,395	1.2	—	40.8	49%	51%	73%	20%	4%	3%	20%	83%	83%	17%	17%	21%	37%	24%
200%-300%	10,222	1.2	—	39.9	51%	49%	77%	16%	5%	2%	14%	89%	84%	16%	18%	23%	35%	24%
300%-400%	6,647	1.2	—	40.7	54%	46%	79%	14%	5%	1%	10%	91%	86%	14%	19%	21%	37%	23%
400%+	9,044	1.1	—	42.7	57%	43%	84%	9%	5%	1%	8%	90%	86%	14%	18%	23%	37%	23%
<b>Single Parents</b>	<b>14,902</b>	<b>2.8</b>	<b>1.7</b>	<b>35.2</b>	<b>23%</b>	<b>77%</b>	<b>67%</b>	<b>27%</b>	<b>3%</b>	<b>4%</b>	<b>25%</b>	<b>84%</b>	<b>81%</b>	<b>19%</b>	<b>16%</b>	<b>21%</b>	<b>42%</b>	<b>21%</b>
<100% of poverty threshold	3,916	3.0	1.8	34.0	19%	81%	64%	29%	3%	4%	30%	78%	82%	18%	17%	18%	43%	22%
100%-200%	6,760	2.9	1.7	34.7	21%	79%	63%	30%	3%	4%	27%	83%	81%	19%	17%	20%	41%	21%
200%-300%	2,603	2.7	1.5	36.5	28%	72%	73%	22%	2%	3%	18%	91%	79%	21%	15%	24%	41%	20%
300%-400%	940	2.5	1.4	37.3	32%	68%	80%	16%	2%	2%	13%	92%	78%	22%	14%	23%	43%	21%
400%+	683	2.5	1.4	38.3	36%	64%	79%	15%	2%	4%	13%	92%	84%	16%	16%	22%	41%	21%
<b>Married No Kids</b>	<b>23,910</b>	<b>2.4</b>	<b>—</b>	<b>51.0</b>	<b>71%</b>	<b>29%</b>	<b>84%</b>	<b>8%</b>	<b>6%</b>	<b>1%</b>	<b>11%</b>	<b>84%</b>	<b>81%</b>	<b>19%</b>	<b>17%</b>	<b>22%</b>	<b>38%</b>	<b>23%</b>
<100% of poverty threshold	1,873	2.4	—	52.3	62%	38%	77%	10%	10%	2%	22%	71%	79%	21%	14%	15%	43%	28%
100%-200%	4,033	2.6	—	51.0	71%	29%	79%	11%	7%	3%	23%	72%	81%	19%	17%	18%	37%	28%
200%-300%	4,748	2.6	—	50.7	70%	30%	82%	10%	7%	1%	12%	84%	81%	19%	18%	22%	37%	22%
300%-400%	4,129	2.4	—	50.1	70%	30%	85%	8%	6%	1%	8%	88%	81%	19%	18%	22%	36%	24%
400%+	9,127	2.3	—	51.3	73%	27%	88%	5%	5%	1%	5%	91%	81%	19%	18%	24%	38%	20%
<b>Married Parents</b>	<b>24,777</b>	<b>4.2</b>	<b>1.9</b>	<b>40.3</b>	<b>77%</b>	<b>23%</b>	<b>81%</b>	<b>8%</b>	<b>9%</b>	<b>2%</b>	<b>20%</b>	<b>76%</b>	<b>83%</b>	<b>17%</b>	<b>17%</b>	<b>21%</b>	<b>37%</b>	<b>25%</b>
<100% of poverty threshold	2,252	4.5	2.1	39.5	78%	22%	78%	10%	10%	2%	41%	51%	87%	13%	18%	13%	37%	32%
100%-200%	8,512	4.4	2.1	38.8	78%	22%	79%	10%	8%	3%	30%	68%	83%	17%	16%	19%	36%	29%
200%-300%	6,625	4.1	1.9	40.3	76%	24%	82%	8%	8%	2%	13%	84%	81%	19%	16%	24%	37%	22%
300%-400%	3,146	4.0	1.8	41.5	75%	25%	85%	6%	8%	1%	9%	87%	81%	19%	16%	25%	37%	23%
400%+	4,242	4.0	1.8	43.1	75%	25%	83%	5%	11%	1%	8%	82%	88%	12%	19%	21%	38%	21%
<b>Elderly (65+)</b>	<b>32,168</b>	<b>1.7</b>	<b>—</b>	<b>72.7</b>	<b>50%</b>	<b>50%</b>	<b>85%</b>	<b>10%</b>	<b>4%</b>	<b>1%</b>	<b>7%</b>	<b>89%</b>	<b>78%</b>	<b>22%</b>	<b>19%</b>	<b>22%</b>	<b>37%</b>	<b>22%</b>
<100% of poverty threshold	4,828	1.6	0.1	73.9	37%	63%	75%	17%	6%	2%	13%	81%	81%	19%	17%	18%	41%	24%
100%-200%	9,856	1.6	—	74.0	44%	56%	82%	12%	4%	1%	10%	87%	77%	23%	20%	20%	39%	21%
200%-300%	6,001	1.7	—	72.8	50%	50%	88%	7%	3%	2%	6%	91%	77%	23%	19%	24%	36%	21%
300%-400%	4,098	1.8	—	72.1	57%	43%	88%	8%	3%	1%	4%	92%	76%	24%	19%	25%	33%	23%
400%+	7,385	1.8	—	70.8	64%	36%	91%	5%	3%	1%	3%	93%	80%	20%	19%	26%	34%	21%

† We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.

†† Poverty threshold as defined by the Supplemental Poverty Measure (SPM) for 2013 from the Census Bureau. The SPM extends the official poverty measure by taking account of many of our Government programs designed to assist low-income families and individuals that are not included in the current official poverty measure. It uses different methodologies for household size and adjusts for cost of living differences across geographies.

The Supplemental Poverty Measure shows us, in 2015, demographically:

- **Geographic region** – The region with the highest poverty rate remained the South.
- **Race and ethnicity** - White families accounted for the largest portion, 70%, of FIUs in poverty, in 2015 while they represented a greater portion, 79%, of all FIUs. Black and Hispanic people were disproportionately represented among the poor, comprising 13% and 15% of all FIUs, respectively, in 2015, and representing 20% and 22%, respectively, of those below the poverty line.
- **Sex** - Families where women were the primary earners accounted for 44% of all FIUs in 2015 but 54% of the poor. In particular, women were disproportionately supporting elderly poor families, where they were head-of-household for 50% of the elderly population but 63% of the elderly poor families. The same was true for families who are married with no kids, where women were head-of-household for 29% of this population but 38% of the subset that was below the poverty line.
- **Family type** – In 2015, by family type, the largest number of people in poverty were single people without kids. Single parents had the highest poverty rate, 26%, which was more than two times their share of the all FIUs. All other family types were under-represented among the poor (i.e. they comprise a smaller portion of the poor than they do of all FIUs).

## Subsidized housing

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
People in subsidized housing (in thousands)	9,853	9,835	9,859	8,809	—%	—%	12%
People in subsidized housing per 100,000 people	3,069	3,087	3,193	2,981	(1)%	(4)%	3%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

The number of people in subsidized housing has generally increased over the past decade, though it has flattened out in recent years and is decreasing on a per capita basis. Demographically:

- **Sex** – Over the past decade, 76% to 79% of HUD subsidized households were headed by a woman, and 35% to 40% were headed by a woman with a child in the household
- **Family type** – Over the past decade, 32% to 37% of HUD subsidized households had only one adult with children, while the number of households with two or more adults with children decreased 8 percentage points to only 4% in 2015.
- **Race** - Households where the head-of-household is black comprised 42% of the subsidized households in 2015, while households headed by a white person followed at 35%. Over the past decade, the black head-of-household percentage increased 3 percentage points from 39%, while the white head-of household percentage decreased 6 percentage points from 41%.
- **Age** - Households where the head-of-household is age 25 to 50 comprised 42% of the subsidized households in 2015, down from 46% in 2005, while households headed by a person over 62 years old followed at 33% in 2015, up from 32% in 2005.

## Consumption

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Total household cash expenditures (consumption) (in billions)	\$11,394	\$11,002	\$ 9,686	\$ 8,370	4%	18%	36%
Cash expenditures per household	\$91,454	\$89,281	\$ 82,407	\$73,847	2%	11%	24%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website.

One measure of standard of living may be household consumption. In 2015, our largest household cash expenditures were for healthcare (24% of our expenditures), housing (18%), food (12%), and transportation (10%). The largest dollar increases over the last decade were in healthcare (growth of \$1.0 trillion or 59%), housing (\$427 billion or 27%), food both in and out of the home (\$371 billion or 39%), recreation and entertainment (\$185 billion or 34%), and transportation (\$99 billion or 9%).

As a comparison, medical inflation was 39%, food inflation was 30%, overall inflation was 22%, population growth was 8%, and the median annual wage grew 23% over the past decade.

## Health

The health reporting unit seeks to maintain good public health in America, by incentivizing healthy behavior and managing the public healthcare delivery system.

### Health conditions

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Percent of adults with:							
Depression <sup>1</sup>	19%	19%	na	na	— ppt	na	na
Diabetes <sup>2</sup>	10%	10%	9%	7%	— ppt	1ppt	3ppt
Heavy drinkers <sup>3</sup>	6%	6%	5%	5%	— ppt	1ppt	1ppt
Smoker <sup>4</sup>	18%	18%	17%	21%	— ppt	1ppt	(3)ppt
Exercise 1x/mo + <sup>5</sup>	74%	77%	76%	76%	(3)ppt	(2)ppt	(2)ppt
Obese <sup>6</sup>	30%	30%	28%	24%	— ppt	2ppt	6ppt
Overweight <sup>7</sup>	36%	35%	36%	37%	1ppt	— ppt	(1)ppt

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

Part II  
Item 7

- <sup>1</sup> Individuals who have ever been told by a medical professional that they have a depressive disorder, including depression, major depression, dysthymia, or minor depression.  
<sup>2</sup> Individuals who have ever been told by a medical professional that they have diabetes.  
<sup>3</sup> Males having 2+ drinks per day, females having 1+ drinks per day.  
<sup>4</sup> Individuals who smoke cigarettes every day or some days.  
<sup>5</sup> Individuals who in the past month have participated in any physical activities or exercises such as running, calisthenics, golf, gardening, or walking for exercise outside of regular job.  
<sup>6</sup> Individuals with a body mass index (BMI) greater than 29.9.  
<sup>7</sup> Individuals with a body mass index (BMI) between 25.0 and 29.9.

Americans are experiencing higher rates of obesity, diabetes, and heavy drinking more than they were a decade ago. We look at these factors and others by family and individual unit (FIU) and income cohort in the table below.

### Health profile (2015)

Family and Individual Unit Sub Group / Income %	Percent of adults who have health condition						
	% Depression <sup>1</sup>	% Diabetes <sup>2</sup>	% Heavy Drinker <sup>3</sup>	% Smoker <sup>4</sup>	% Exercise 1x / mo + <sup>5</sup>	% Obese <sup>6</sup>	% Overweight <sup>7</sup>
<b>All Families</b>	15.9%	9.7%	5.8%	14.6%	75.8%	28.0%	36.0%
Bottom 20% (\$0-\$9k)	24.1%	15.2%	5.0%	21.1%	67.5%	30.7%	32.2%
Second 20% (\$9k-\$32k)	19.0%	12.7%	5.3%	18.6%	70.6%	29.8%	34.6%
Middle 20% (\$32k-\$62k)	15.7%	9.4%	5.7%	15.8%	74.3%	29.4%	35.7%
Fourth 20% (\$62k-\$114k)	13.3%	7.8%	6.2%	12.5%	78.6%	27.5%	37.4%
Top 20% (\$114k+)	11.7%	6.4%	6.2%	9.3%	82.3%	24.7%	37.8%
<b>Married No Kids</b>	14.8%	9.3%	6.4%	12.9%	78.5%	27.8%	37.2%
Bottom 20%	24.6%	17.2%	4.0%	19.6%	69.3%	32.5%	35.7%
Second 20%	18.0%	15.6%	5.1%	17.9%	72.6%	30.7%	38.3%
Middle 20%	16.9%	11.9%	5.5%	16.5%	74.0%	31.2%	37.1%
Fourth 20%	14.5%	8.8%	6.3%	13.2%	77.6%	28.9%	37.1%
Top 20%	12.6%	6.9%	7.3%	10.1%	82.4%	25.0%	37.6%
<b>Married Parents</b>	12.1%	5.0%	4.1%	11.0%	78.8%	27.5%	37.5%
Bottom 20%	18.6%	9.2%	3.5%	19.8%	67.6%	32.3%	31.7%
Second 20%	16.4%	7.6%	3.1%	17.6%	72.0%	32.9%	36.2%
Middle 20%	13.9%	5.8%	3.4%	13.8%	74.2%	30.1%	36.9%
Fourth 20%	11.8%	5.0%	4.4%	11.0%	78.6%	27.7%	38.1%
Top 20%	10.4%	3.9%	4.4%	8.2%	82.8%	24.9%	38.0%
<b>Single No Kids</b>	19.7%	7.3%	8.0%	21.2%	76.0%	28.3%	33.2%
Bottom 20%	27.0%	10.5%	7.2%	26.4%	71.3%	30.2%	30.3%
Second 20%	21.2%	8.0%	7.6%	24.4%	73.0%	29.9%	32.5%
Middle 20%	17.5%	5.9%	8.3%	19.9%	76.5%	28.8%	33.1%
Fourth 20%	14.7%	5.6%	9.1%	15.8%	81.6%	25.6%	36.1%
Top 20%	12.8%	4.8%	9.3%	12.6%	83.8%	23.0%	36.9%
<b>Single Parents</b>	20.8%	5.5%	5.3%	22.9%	73.3%	31.5%	30.7%
Bottom 20%	27.8%	7.0%	4.4%	27.3%	70.2%	32.9%	27.1%
Second 20%	21.7%	5.6%	4.8%	24.9%	70.6%	32.4%	28.5%
Middle 20%	17.1%	4.8%	5.3%	21.6%	73.4%	31.0%	33.4%
Fourth 20%	14.9%	4.0%	7.1%	17.7%	79.9%	29.2%	34.5%
Top 20%	15.5%	5.2%	7.4%	14.1%	82.8%	26.9%	33.7%
<b>Elderly (65+)</b>	15.1%	19.4%	4.3%	9.8%	70.0%	27.4%	38.0%
Bottom 20%	20.0%	24.7%	3.0%	12.7%	61.3%	29.9%	35.7%
Second 20%	16.7%	21.0%	3.9%	10.8%	67.0%	27.5%	37.6%
Middle 20%	13.1%	17.9%	4.2%	8.8%	71.8%	27.8%	38.6%
Fourth 20%	11.6%	16.5%	6.1%	8.0%	76.0%	26.1%	39.1%
Top 20%	11.5%	13.6%	5.3%	7.1%	79.2%	24.0%	39.5%

- <sup>1</sup> Individuals who have ever been told by a medical professional that they have a depressive disorder, including depression, major depression, dysthymia, or minor depression.  
<sup>2</sup> Individuals who have ever been told by a medical professional that they have diabetes.  
<sup>3</sup> Males having 14+ drinks per week, females having 7+ drinks per week.  
<sup>4</sup> Individuals who smoke cigarettes every day or some days.  
<sup>5</sup> Individuals who in the past month have participated in any physical activities or exercises such as running, calisthenics, golf, gardening, or walking for exercise outside of regular job.  
<sup>6</sup> Individuals with a body mass index (BMI) greater than 29.9.  
<sup>7</sup> Individuals with a body mass index (BMI) between 25.0 and 29.9.

By income cohort, the higher the income, the lower the rates of depression, diabetes, smoking, and obesity, and the higher the rates of heavy drinking and being overweight. In 2015, the three conditions where the gap between the lowest and highest income cohorts were greatest (greater than a 10-percentage point delta) were smoking, exercise, and depression:

- Within the top income bracket, 11.7% of people reported being depressed, compared with 24.1% for those in the bottom bracket.
- Smokers accounted for just 9.3% of top earners, compared with 21.1% of those who earn least.
- Those with higher income report exercising more regularly than the poor, at 82.3% of the top income cohort and 67.5% of the bottom income cohort.

There is no family type that is consistently healthier than the others by these measures. The elderly often represent the extremes of these measures in both positive and negative respects; they have the highest rates of diabetes and being overweight and the second lowest rates of heavy drinking and lowest rates of smoking. The two conditions where the gap between family types were greatest in 2015 were smoking and diabetes. The elderly accounted for just 9.8% of smokers, compared with 22.9% of single parents. Married parents comprised 5.0% of those who reported having diabetes, while 19.4% of the elderly reported having this condition.

Overall, in 2015, 64% of Americans were either overweight or obese. The highest rate of obesity was among single parents, while the lowest was among the elderly. The highest rate of those overweight was among the family type elderly, while the lowest was among single parents. The rate of obesity has increased over the last decade, while the rate of those overweight has decreased.

By major racial and ethnic group, there is no group that is consistently healthier than the others by these measures. The race or ethnicity with the highest and lowest rates of these measures are:

- *Depression* – highest – white and black people, both at 13%, lowest – Hispanic people at 8%
- *Diabetes* – highest – black people at 13%, lowest – white and Hispanic people, both at 9%
- *Heavy drinkers* – highest – white people at 7%, lowest – black people at 4%
- *Smoking* – highest - black people at 18%, lowest – Hispanic people at 11%
- *Exercise* – highest – white people at 77%, lowest – black people at 71%
- *Obese* – highest - black people at 36%, lowest – white people at 27%
- *Overweight (but not obese)* – highest – Hispanic people at 39%, lowest – black people at 35%

All these populations generally follow the overall trend that the higher the income, the lower the rates of depression, diabetes, smoking, and obesity, and the higher the rates of heavy drinking (white people only) and being overweight but not obese (excluding Hispanic people).

### Longevity and mortality

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Life expectancy at birth (years)	78.8	78.9	78.7	77.6	—%	—%	1%
Average age at death (years)	73.2	73.1	72.9	72.4	—%	—%	1%
Total deaths	2,713	2,626	2,468	2,448	3%	10%	11%
Deaths by leading and other select causes (in thousands):							
Circulatory diseases	837	808	784	861	4%	7%	(3)%
Cancers	612	608	590	573	1%	4%	7%
Respiratory diseases	271	258	237	240	5%	14%	13%
Accidents	147	136	121	118	8%	21%	25%
Mental disorders	137	151	121	71	(9)%	13%	93%
Heroin poisoning	13	11	3	2	18%	333%	550%
Other opioid	13	12	11	6	8%	18%	117%
Other synthetic narcotics	10	6	3	2	67%	233%	400%
Firearm deaths	36	34	32	31	6%	13%	16%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

During the periods presented, both life expectancy at birth and average age at death increased by 1%. Life expectancy for males and females, black and white, all increased, with the largest increase at 3.1 years, for black males. In 2015, male life expectancy at birth was 76.3 years and female was 81.2 years. For black people, life expectancy at birth was 75.5 years, while for white people it was 79.0 years.

The leading causes of death remained the same throughout the periods shown in this report. However, the leading cause of death, circulatory (including heart) disease, has declined over the past decade, while deaths from all other leading causes have increased.

Though they are not leading causes of death, heroin, opioid, and other synthetic narcotic deaths have increased at rates far exceeding those of the leading causes, over the past decade.

Though also not a leading cause of death, deaths from firearms increased 16% over the past decade. In 2015, 61% of the deaths were suicides, 37% were homicides, and the remainder was not classified. Demographically:

- **Geography** – Metropolitan areas housed 81% of the firearm deaths, while 19% occurred in non-metropolitan areas.
- **Age** – a plurality of firearm deaths occurred for those between ages 20 and 34, at 33% of the deaths, while the least number occurred for those under 19, at 8% of the deaths.
- **Race and ethnicity** - White people experienced the most firearm deaths at 73%, while black people experienced 25% of the deaths.

### Healthcare affordability

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Total personal healthcare expenditures (in billions) <sup>1</sup>	\$ 2,716	\$ 2,560	\$ 2,196	\$ 1,696	6%	24%	60%
Personal healthcare expenditures per capita	\$ 8,459	\$ 8,035	\$ 7,113	\$ 5,738	5%	19%	47%
Personal healthcare expenditures adjusted for inflation (medical inflation, 2015 base) (in billions)	\$ 2,716	\$ 2,626	\$ 2,528	\$ 2,352	3%	7%	15%
Out-of-pocket healthcare expenditures (in billions) <sup>2</sup>	\$ 339	\$ 330	\$ 300	\$ 264	3%	13%	28%
Percentage of personal healthcare expenditures paid out-of-pocket	13%	13%	14%	16%	—ppt	(1)ppt	(3)ppt
Percentage of disposable income spent on healthcare <sup>3</sup>	22%	21%	21%	19%	1ppt	1ppt	3ppt

<sup>1</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>2</sup> Personal healthcare consumption expenditures include hospital, physician and clinical, prescription drug, dental services, and other professional and durable products expenditures, as aggregated by the Centers for Medicare and Medicaid Services, Office of the Actuary, and National Health Statistics Group.

<sup>3</sup> Out-of-pocket expenses are costs for medical care that aren't reimbursed by insurance, including deductibles, coinsurance, and copayments for covered services plus all costs for services that aren't covered.

<sup>3</sup> See the definition of disposable income at the Wealth creation table below.

Total personal healthcare expenditures rose 60% over the last decade, or 47% per capita. These expenditures increased across all categories, with the largest dollar increases in hospital (\$425 billion or 70% increase), physician and clinical (\$218 billion or 53%), and prescription drug (\$119 billion or 58%) expenditures.

Private health insurance, Medicare, Medicaid, and individual "out-of-pocket" expenditures (excluding insurance premiums) made up 36%, 22%, 18%, and 11%, of the total personal healthcare expenditures payment sources in 2015. Personal healthcare expenditures paid "out-of-pocket" grew at the lowest rate (28%), with payments from every other source (e.g. private health insurance funded through individual- and corporate-paid premiums, Medicare, Medicaid) growing at higher rates ranging from 52% to 117%, over the past decade. The largest dollar increases by payment source were for private health insurance followed by Medicare and then Medicaid. As a percentage of personal healthcare expenditures, out-of-pocket payments decreased over the past decade.

In 2015, 22% of disposable income was spent on healthcare. Over the past decade, as a percentage of disposable income, spending in nearly every healthcare category increased, with the largest increases in expenditures for hospitals, at a 1.2 percentage point increase, and for pharmaceutical products, at a 0.9 percentage point increase.

### Blessings of Liberty (BL)

This segment works to secure the blessings of liberty to the US population and its posterity. Its reporting units are education, wealth and savings, sustainability and self-sufficiency, and the American Dream.

Overall, during the periods presented, we:

- **made meaningful progress** on: net asset accumulation, including total and average household financial assets, the number of participants and total pension assets, and a reduction of average mortgage debt; total giving (though not on pace with income or inflation); the number of associate's degrees granted; reductions in hate crime incidents and health discrimination investigations; and environmental sustainability and self-sufficiency, including reduced emissions and net energy consumption, increased energy consumption from renewable sources and nuclear, and reduced air and water violations (for most water sources);
- **saw no meaningful movement** in the percentage of families that are homeowners and pre-kindergarten to 12<sup>th</sup> grade enrollment and achievement; and
- **regressed notably** in the cost of higher education, the value of real estate assets (though this has reversed lately), rates of return on pension assets, the rate of total government debt as a percent of GDP and per capita, equal employment charges, housing discrimination complaints, and the rate of voting.

## Education

The education reporting unit seeks to increase educational attainment in the US.

### Pre-kindergarten to grade 12

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Head Start <sup>1</sup> funded enrollment (in thousands)	945	927	904	907	2%	5%	4%
Head Start <sup>1</sup> funded enrollment per 10,000 children age birth-5	474	466	447	455	2%	6%	4%
Percentage of 3-5 year-olds enrolled in educational programs:							
Full day	41%	40%	37%	37%	1ppt	4ppt	4ppt
Half day	23%	25%	27%	27%	(2)ppt	(4)ppt	(4)ppt
Percentage of 5- to 17-year-olds enrolled in public elementary and secondary school	na	93%	92%	92%	na	na	na
Rate of high school graduates as percentage of freshman cohort	na	na	78%	75%	na	na	na
Percentage of population 25 years and over with a high school diploma or GED (no more or less education)	29%	30%	31%	32%	(1)ppt	(2)ppt	(3)ppt
% students at or above proficient NAEP <sup>2</sup> reading level							
4th grade	36%	na	na	31%	na	na	5ppt
8th grade	34%	na	na	31%	na	na	3ppt
% students at or above proficient NAEP <sup>2</sup> math level							
4th grade	40%	na	na	36%	na	na	4ppt
8th grade	33%	na	na	30%	na	na	3ppt

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> Head Start provides programs that promote school readiness of children ages birth to five from low-income families by supporting their development in a comprehensive way. The programs offer a variety of service models, depending on the needs of the local community, including programs based in schools, child care centers, and family child care homes. Some programs offer home-based services that assigned dedicated staff who conduct weekly visits to children in their own home and work with the parent as the child's primary teacher.

<sup>2</sup> National Assessment of Educational Progress, the largest nationally representative and continuing assessment of what America's students know and can do in various subject areas. Since NAEP assessments are administered uniformly using the same sets of test booklets across the nation, NAEP results serve as a common metric for all states and selected urban districts. The assessment stays essentially the same from year to year, with only carefully documented changes. This permits NAEP to provide a clear picture of student academic progress over time.

### Enrollment and graduation

Head Start funded enrollment increased 4% over the past decade. The percentage of children ages three to five that are enrolled in education programs has remained 64% over the past decade, though those enrolled in full day programs have increased while those enrolled in half day programs have decreased.

As a percentage of the applicable population, enrollment in public elementary and secondary schools was generally consistent over the past decade, though the data is not available for 2015.

The rate of high school graduates as a percentage of those that began high school increased over the decade, though 2014 and 2015 data are not available. The percentage of the population age 25 years and older whose highest schooling is a high school diploma or GED (no more or less education) has decreased over the past decade. In 2015, demographically:

- Sex – the rates for males and females were similar at 30% and 29% of each population, respectively;
- Age – the rates increased with age, with 25- to 34-year-olds at 25%, 35- to 54-year-olds at 28%, and 55-year-olds and older at 33%; and
- Race and ethnicity – Asian people have the lowest rate at 19%, followed by people who are white, non-Hispanic white, and Hispanic of any race each at 30%, and then black people at 34%.

### Educational proficiency

The NAEP scores are provided every two years. Between 2005 and 2015, the reading and math proficiency rates increased for both 4<sup>th</sup> and 8<sup>th</sup> graders. There are notable demographic variances, in 2015:

- Race and ethnicity – Asian children are the most proficient in both reading (57% are proficient at grade 4, 54% at grade 8) and math (65% at grade 4, 61% at grade 8), followed by white children in reading (46% at grade 4, 44% at grade 8) and math (51% at grade 4, 43% at grade 8). Hispanic and black children perform at the lowest end of the range, with black children the least proficient at reading (18% at grade 4, 16% at grade 8) and math (19% at grade 4, 13% at grade 8) and Hispanic children not faring much better at reading (21% at both grades) and math (26% at grade 4, 19% at grade 8).

- Sex – boys are more proficient in math, while girls are more proficient in reading. However, by grade 8 girls are nearly as proficient in math as boys. For math, boys were 42% proficient at grade 4 and 34% proficient at grade 8, while girls were 38% proficient and 33% proficient, respectively. For reading, girls were 39% proficient at both grades, while boys were 33% proficient at grade 4 and 29% proficient at grade 8.
- Residential area – For both reading and math, students are more proficient when they live in suburbs, followed by rural areas, then cities, then towns.

## Higher education

(in thousands, except percentages)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Average annual cost of undergraduate education, adjusted for inflation <sup>†</sup>	22,278	21,682	19,761	17,460	3%	13%	28%
Rate of college enrollment as percentage of recent high school graduates	69%	68%	68%	69%	1ppt	1ppt	—ppt
Rate of graduation from four-year institutions within six years of start	59%	60%	58%	na	(1)ppt	1ppt	na
Rate of graduation from two-year institutions within three years of start	29%	28%	30%	29%	1ppt	(1)ppt	—ppt
Number of associate's degrees conferred by postsecondary institutions	1,014	1,005	849	697	1%	19%	45%
Percentage of population 25 years and over with a bachelor's degree or higher	33%	32%	30%	28%	1ppt	3ppt	5ppt

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>†</sup> Cost is the average undergraduate tuition, fees, room, and board rates charged for full-time students in degree-granting postsecondary institutions, both 2-year and 4-year institutions. Adjusted for inflation at the source.

## Average annual cost

The average annual cost of undergraduate education, adjusted for inflation, has increased 28% over the past decade. The cost for 4-year institutions increased more than that for 2-year institutions, at 25% and 16% growth, respectively. Among the components of the cost of education, tuition and fees increased the most, at 31% growth, followed closely by dormitory room costs, which grew 30%.

## Enrollment

The rate of college enrollment by recent high school graduates has remained relatively constant over the past decade. From 2005 to 2015, the rate of enrollment in 2-year institutions rose 1.2 percentage points, while enrollment in 4-year institutions dropped 0.6 percentage points. The rate of male enrollment declined 0.7 percentage points, with enrollment in 2-year institutions declining 0.4 percentage points and enrollment in 4-year institutions declining 0.3 percentage points. The rate of female enrollment rose 2.1 percentage points, with enrollment in 2-year institutions increasing 2.8 percentage points and enrollment in 4-year institutions dropping 0.6 percentage points. The rate of college enrollment by students coming from low-, middle-, and high-income families increased by 15.7, decreased by 2.9, and increased by 2.1 percentage points, respectively.

## Graduation

The rates of graduation from both 2-year and 4-year institutions have remained relatively constant over the past decade. However, the rates vary by type of institution and the sex and race of the student.

### 4-year institutions

For 4-year institutions, in most years, the rates of graduation from for-profit institutions are less than half of the rates from each public and nonprofit institutions. In 2015, these rates were 23%, 59%, and 66%, respectively. Males and females both graduated at the highest rates from nonprofit 4-year institutions. By race and ethnicity, Asian people enjoyed the highest rate of graduation, at 73% in 2015, while black people had the lowest rate at 40%.

We do not have data for 4-year institutions in 2005, but we have data for 2006. Over the past nine years, graduation rates from 4-year institutions increased overall and for all types of institutions except for-profit institutions, where graduation rates decreased 9.9 percentage points. By sex, graduation rates from 4-year institutions increased 1.9 percentage points among both males and females over the past nine years.

### 2-year institutions

For 2-year institutions, in most years, the rates of graduation for both males and females from public institutions are less than half of the rates from each for-profit and nonprofit institutions. In 2015, these rates were 22%, 60%, and 56%,

respectively. By race and ethnicity, Asian people enjoyed the highest rate of graduation, at 36% in 2015, while black people had the lowest rate, at 22%.

Over the past decade, graduation rates from 2-year institutions were relatively flat overall and for public institutions. However, the rates increased in nonprofit and for-profit institutions, by 6.6 and 2.6 percentage points, respectively. By sex, graduation rates decreased 0.6 percentage points among males and increased 0.4 percentage points among females.

## Degrees

### Associate's degree

The number of associate's degrees conferred by postsecondary institutions increased 45% over the last decade. In 2015, demographically:

- *Sex* – 39% of the degrees were conferred to males, while 61% were conferred to females; and
- *Race and ethnicity* – a majority (58%) of the degrees were earned by white non-Hispanic students, with the second and third largest populations, Hispanics and black non-Hispanic students, earning 18% and 14% of the degrees, respectively.

### Bachelor's or higher degree

The percentage of the population 25 years and older with a bachelor's degree or higher increased 5 percentage points over the last decade.

In 2015, demographically:

- *Sex* – males and females have similar rates of obtaining bachelor's degrees, 20% and 21%, respectively, while females have higher rates than males of obtaining master's degrees, at 9% and 8%, respectively, and males have a less than one percentage point higher rate of obtaining professional and doctorate degrees (2%) than women (1%);
- *Age* – the rates of bachelor's degrees decreased with age, with 25- to 34-year-olds at 25%, 35- to 54-year-olds at 22%, and 55-year-olds and older at 17%, while rates of master's degrees don't have the same pattern, with the rates at 8% for the lowest and highest age groups and 9% for the middle age group; and
- *Race and ethnicity* – Asian people have the highest rate of both bachelor's and master's degrees at 33% and 14%, respectively, while Hispanic people of any race have the lowest rates at 11% and 4%, respectively.



### Education profile (2015)

One way to analyze education outcomes is by family and individual units (FIUs) and income cohorts. As discussed under *Part I, Item 1. Purpose and Function of Our Government, Customers, Cohorts of our population* of this report, although we categorize the families based on presence of children under 18, if a person is aged 18 or older and still living in the family with relatives, she would not be her own economic unit unless she had her own subfamily. Therefore, in the table below, households that are “no kids” may have students currently living in the home, either young adult students still living at home or adults who have gone back to school.

Family and Individual Unit Sub Group / Income %	Educational Attainment of Unit Head				# of Students (in thousands)				
	% Some H.S.	% H.S. Diploma	% Some College	% College Graduate	Pre-School	K-12		College	
					(All Aged 3+)	Public	Private	Full-Time	Part-Time
<b>All Family and Individual Units</b>	<b>11%</b>	<b>28%</b>	<b>29%</b>	<b>32%</b>	<b>4,920</b>	<b>48,759</b>	<b>5,629</b>	<b>13,971</b>	<b>4,829</b>
Bottom 20% (\$0-\$9k)	24%	33%	28%	15%	541	5,815	447	3,123	499
Second 20% (\$9k-\$32k)	14%	35%	31%	19%	704	7,446	571	2,150	788
Middle 20% (\$32k-\$62k)	10%	30%	31%	29%	941	9,892,382	873	2,079	960
Fourth 20% (\$62k-\$114k)	6%	25%	30%	39%	1,152	12,075	1,356	2,776	1,244
Top 20% (\$114k+)	3%	16%	23%	59%	1,545	13,001	2,337	3,690	1,301
<b>Single No Kids</b>	<b>9%</b>	<b>27%</b>	<b>31%</b>	<b>32%</b>	<b>—</b>	<b>727</b>	<b>71</b>	<b>5,509</b>	<b>1,488</b>
Bottom 20%	17%	31%	34%	18%	—	263	28	2,515	242
Second 20%	12%	34%	34%	20%	—	136	22	1,337	371
Middle 20%	6%	27%	32%	35%	—	172	15	754	424
Fourth 20%	3%	19%	28%	50%	—	115	5	521	305
Top 20%	2%	12%	20%	66%	—	38	1	282	132
<b>Single Parents</b>	<b>19%</b>	<b>31%</b>	<b>33%</b>	<b>17%</b>	<b>1,450</b>	<b>16,482</b>	<b>1,057</b>	<b>1,253</b>	<b>557</b>
Bottom 20%	38%	32%	24%	7%	439	4,273	293	345	121
Second 20%	17%	36%	37%	10%	468	4,786	272	333	188
Middle 20%	11%	30%	37%	22%	374	4,341	277	299	138
Fourth 20%	6%	22%	34%	37%	120	2,158	133	186	99
Top 20%	5%	16%	28%	52%	39	624	56	77	24
<b>Married No Kids</b>	<b>8%</b>	<b>28%</b>	<b>28%</b>	<b>36%</b>	<b>—</b>	<b>727</b>	<b>96</b>	<b>3,527</b>	<b>1,203</b>
Bottom 20%	22%	37%	25%	17%	—	18	4	106	41
Second 20%	17%	36%	27%	21%	—	34	5	165	66
Middle 20%	14%	36%	29%	21%	—	98	18	418	119
Fourth 20%	7%	33%	32%	28%	—	211	28	991	349
Top 20%	3%	20%	26%	52%	—	359	42	1,827	619
<b>Married Parents</b>	<b>9%</b>	<b>21%</b>	<b>26%</b>	<b>43%</b>	<b>3,413</b>	<b>29,908</b>	<b>4,314</b>	<b>3,165</b>	<b>1,161</b>
Bottom 20%	27%	31%	24%	18%	100	1,045	99	91	23
Second 20%	25%	32%	26%	17%	223	2,307	256	195	74
Middle 20%	20%	30%	30%	19%	555	5,142	555	505	189
Fourth 20%	8%	25%	32%	35%	1,024	9,470	1,174	983	405
Top 20%	2%	13%	21%	64%	1,489	11,772	2,213	1,374	467
<b>Elderly (age 65+)</b>	<b>14%</b>	<b>32%</b>	<b>25%</b>	<b>29%</b>	<b>56</b>	<b>914</b>	<b>91</b>	<b>517</b>	<b>399</b>
Bottom 20%	28%	36%	22%	14%	3	216	24	66	72
Second 20%	13%	38%	27%	22%	13	183	16	120	89
Middle 20%	8%	33%	28%	31%	12	170	7	103	89
Fourth 20%	7%	25%	28%	40%	9	122	15	96	86
Top 20%	4%	17%	23%	57%	16	208	26	129	59

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click “More detail” to access it.

In 2015, 32% of all heads-of-households had a college degree, with the percentage climbing with each income cohort, from 15% at the lowest income cohort to 59% at the highest. Another 29% had some college education, and 28% had only a high school diploma. Eleven percent of all heads-of-households had no college degree or high school diploma.

By family type, married parents are most likely to be among the college-educated, at 43% having graduated college. The least likely are single parents, at 17% having graduated college. The highest-educated group are single people without kids in the top 20% by income, with 66% holding college degrees. Those with the least education are single parents in the bottom 20% by income, of whom just 7% are college graduates and 38% have only some high school education.

## Wealth and savings

The wealth and savings reporting unit encourages wealth creation through fair taxation and tools for home ownership, and encourages saving for retirement through pension plans, Social Security, and Medicare, while seeking to maintain a manageable balance between current expenditures and future debt.

### Wealth creation

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Rate of savings as a percentage of disposable income <sup>1</sup>	12%	12%	11%	8%	—ppt	1ppt	4ppt
Total household financial assets (primarily at market value) (in billions)	\$ 70,574	\$ 69,044	\$ 52,758	\$ 45,439	2%	34%	55%
Average financial assets (per household)	\$ 566,461	\$ 560,290	\$ 448,862	\$ 400,895	1%	26%	41%
Average financial assets adjusted for inflation (2015 base)	\$ 566,461	\$ 563,049	\$ 493,816	\$ 516,129	1%	15%	10%
Homeownership rate (as a percentage of households)	64%	65%	67%	69%	(1)ppt	(3)ppt	(5)ppt
Average real estate assets (per household)	\$ 197,335	\$ 186,951	\$ 153,880	\$ 214,448	6%	28%	(8)%
Average real estate assets adjusted for inflation (2015 base)	\$ 197,335	\$ 187,872	\$ 169,291	\$ 276,090	5%	17%	(29)%
Average home mortgage debt (per household)	\$ 76,942	\$ 76,734	\$ 84,954	\$ 78,846	—%	(9)%	(2)%
Average home mortgage debt adjusted for inflation (2015 base)	\$ 76,942	\$ 77,112	\$ 93,462	\$ 101,510	—%	(18)%	(24)%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website.

<sup>1</sup> Disposable income is a USAFacts defined value equal to market income plus government transfers to households (includes Social Security, Medicare, Medicaid, Supplemental Security Income, SNAP, EITC, etc), minus direct taxes (including payroll taxes, personal income taxes, taxes on owner-occupied housing, etc).

The rate of savings as a percentage of disposable income increased 4 percentage points over the past decade, due to increases in income that outpaced increases in expenditures. Disposable income increased primarily due to increased wages and salaries, as well as government benefits, retirement benefit distributions, sole proprietor/partnership income, and capital gains. See analysis of the taxable components of income in *Revenues, Federal individual income tax revenue* above. Expenditures increased primarily in the categories of health (59% increase), food (39% increase), and recreation (34% increase).

Total and average (per household) financial assets (excluding real estate) increased over the past decade, 55% and 41%, respectively. Total household financial assets increased \$25.1 trillion, primarily reflecting increases in corporate and non-corporate equities (\$7.7 trillion), pension entitlements (\$7.6 trillion), mutual fund shares (\$3.5 trillion), and time and savings deposits (\$3.4 trillion). Average household financial assets increased at a lower rate than total household assets due to a 10% increase in the number of households.

In 2015, 64% of households owned their home. The percentage of families that are homeowners fell 5 percentage points over the last decade, including:

- *By geography*, the largest decrease was at 6.4 percentage points in the West, and the lowest decrease was at 4.3 percentage points in the Northeast;
- *By race and ethnicity*, the largest decrease was among black people at 6.9 percentage points, and the lowest decrease was among non-Hispanic white people at 4.0 percentage points; and
- *By income group*, the rate of decrease was 6.1 percentage points among households with family income greater than or equal to the median family income and 4.1 percentage points among households with family income less than the median.

Average real estate assets (not included in financial assets) per household decreased 8% over the past decade, while average mortgage debt decreased 2%. However, since 2012, real estate asset values have been climbing and mortgage debt has been falling. In 2015, average real estate assets less average mortgage debt per household was \$120,393.

Wealth profile (2016, only produced every three years)

	Average Assets (thousands)	Average Debt (thousands)	Average Net Worth (thousands)	Ratio of Debt Payments to Income (Avg.)	% Families Past Due on Debt (60 Days)	% Families that Saved
<b>All families</b>	\$ 787	\$ 95	\$ 692	10.8%	5.8%	55.4%
Bottom 20%	109	20	90	16.2%	8.0%	32.1%
Second 20%	163	34	129	14.6%	7.8%	45.2%
Middle 20%	269	62	207	15.3%	7.7%	57.2%
Fourth 20%	441	110	374	15.7%	3.9%	64.8%
Top 20%	2,912	251	2,661	8.2%	1.6%	77.6%
Under 35	144	68	76	14.1%	8.6%	56.7%
Age 35-44	422	133	289	15.2%	9.1%	56.7%
Age 45-54	862	135	728	11.7%	6.0%	55.1%
Age 55-64	1,276	108	1,168	9.1%	4.4%	55.0%
Age 65-74	1,133	66	1,067	7.9%	3.2%	54.3%
Age 75+	1,104	37	1,067	6.0%	1.4%	53.5%

<sup>†</sup> Data from the Survey of Consumer Finances, The Federal Reserve Board. The income classifier used is "usual" income, designed to capture a version of household income with transitory fluctuations smoothed away in order to approximate the economic concept of "permanent" income. Usual income differs from actual income when the respondent reports that the family experienced a negative or positive income "shock" that is unlikely to persist, say from a temporary unemployment spell or an unexpected salary bonus; respondents are given the option to report their usual income if they believe they experienced a temporary deviation. The definition of "family" is a primary economic unit (PEU), distinct from everyone else in the household. The PEU is intended to be the economically dominant single person or couple (whether married or living together as partners) and all other persons in the household who are financially interdependent with that economically dominant person or couple.

By income cohort, in 2016, families in the top 20% of income had higher average net worth than all other income cohorts, including 611% higher net worth than the next highest income cohort, and 2,857% higher net worth than the lowest income cohort.

Families in all income cohorts held a plurality (24% overall) of their assets in primary residences. By age, average assets in 2016 grew as we moved up each age cohort, peaked at ages 55 to 64 years old, and then decreased again for those age 65 and older. Except for those age 55 to 64, families held the largest portion of their assets in primary residences, followed by other non-financial assets (except for those under age 35, where other financial assets was the second highest category). Those age 55 to 64 held a plurality of their assets, 24%, in other nonfinancial assets.

Families in all income and age cohorts held a majority (67% overall) of their debt in primary residence mortgages. The second highest debt category for all income and age cohorts was education loans, except for the top 20% income cohort and cohorts age 45 and older, where other residential debt was the second highest category. By age, average debt in 2016 grew as we moved up each age cohort, peaked at ages 45 to 54 years old, and then decreased again for those age 55 and older.

The ratio of debt payments to income did not follow a discernable pattern as we moved between income cohorts, with the highest ratio in the fourth income quintile from the bottom and the lowest ratio in the top income quintile. The ratio of debt payments to income, however, peaked at age 35 to 44 and then decreased as we moved up the age cohorts.

The percentage of families that were past due on debt by 60 days or more decreased as we moved up the income cohorts. By age, the rates peaked at age 35 to 44, then decreased as we moved up the age cohorts.

The percentage of families that saved increased as we moved up the income cohorts. By age, the rates of those who saved did not vary greatly, clustering around 50%-55%, with the maximum variance in savings rates between age cohorts at 4.2 percentage points.

## Retirement

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Elderly (65+) poverty rate	9%	10%	9%	10%	(1)ppt	—ppt	(1)ppt
Number of active participants in private pension plans (in thousands) <sup>1</sup>	92,535	89,872	90,601	82,665	3%	2%	12%
Active participants in private pension plans as a percentage of the working age population	45%	43%	45%	43%	2ppt	—ppt	2ppt
Private retirement plan assets per active participant <sup>1</sup>	\$ 88,123	\$ 92,436	\$ 69,334	\$ 61,231	(5)%	27%	44%
Private retirement plan assets per active participant adjusted for inflation (2015 base)	\$ 88,123	\$ 92,891	\$ 76,278	\$ 78,831	(5)%	16%	12%
Rate of return earned by pension plans with 100 or more participants	0.3%	7.8%	12.4%	7.5%	(7.5)ppt	(12.1)ppt	(7.2)ppt
Number of active participants in 401(k) type private pension plans (in thousands) <sup>1</sup>	65,307	62,651	60,510	54,623	4%	8%	20%
Active participants in 401(k) type private pension plans as a percentage of the working age population	31%	30%	30%	28%	1ppt	1ppt	3ppt
401(k) type private retirement plan assets per active participant <sup>1</sup>	\$ 67,099	\$ 70,229	\$ 51,928	\$ 43,860	(4)%	29%	53%
401(k) type private retirement plan assets per active participant adjusted for inflation (2015 base)	\$ 67,099	\$ 70,575	\$ 57,129	\$ 56,467	(5)%	17%	19%
Rate of return earned by 401(k) type plans with 100 or more participants	0.1%	6.7%	12.0%	6.3%	(6.6)ppt	(11.9)ppt	(6.2)ppt

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>1</sup> Since 2005, active participants include any workers currently in employment covered by a plan and who are earning or retaining credited service under a plan. This category includes any nonvested former employees who have not yet incurred a break in service. Active participants also include individuals who are eligible to elect to have the employer make payments to a Code section 401(k) plan. For 2004 and earlier, active participants were adjusted to exclude individuals who were not contributing to the retirement plan and not entitled to receive benefits.

The rate of the elderly in poverty, 9%, is down slightly from the rate a decade ago. In 2015, by sex, the rate of poverty was higher among female elderly, at 10% of the respective population, than among male elderly, at 7% of the respective population.

The poverty rates of elderly black and Hispanic people are both 18% in 2015, while the poverty rate for elderly non-Hispanic white people is 8%, a decrease of 5, 2, and 1 percentage points, respectively, since 2005.

### Private pension plan participation

The number of active participants in private pension plans, including 401(k) type plans, has increased over the past decade, outpacing the increase in the working age population. Underlying the overall increase is a 25% increase in active participation in defined contribution plans, offset in part by a 29% decrease in active participation in defined benefit plans. Defined contribution plans are pension plans where the periodic contribution by the sponsor is known but the ultimate benefit to be provided is unknown. Defined benefit plans are pension plans where the ultimate benefit to be provided by the sponsor is known and the contribution amount may vary to reach that goal.

Private pension plan assets per active participant increased over the past decade, outpacing inflation. However, they decreased when comparing 2015 to 2014. In 2015, average pension plan assets per active participant amounted to \$88,123 per active participant in all private pension plans and \$67,099 per active participant in 401(k) type plans. Annual rates of return on private pension plan assets were lower in 2015 than a decade ago, at 0.3% for all private pension plans and 0.1% for 401(k) type plans in 2015, compared to 7.5% for all private pension plans and 6.3% for 401(k) type plans in 2005. For comparative purposes, using beginning and ending closing prices, the S&P 500 produced a negative 0.7% return in calendar year 2015 and a 3.0% return in calendar year 2005.

### Government obligations

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Total Government debt held by the public as % of GDP	87%	86%	77%	50%	1ppt	10ppt	37ppt
Total Government debt held by the public per person	\$ 47,954	\$ 47,266	\$ 36,992	\$ 22,181	1%	30%	116%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

Total Government debt held by the public as a percentage of GDP increased 37 percentage points over the last decade, with Government debt held by the public increasing 137%, while GDP increased 36%. Per person in the US, total Government debt held by the public increased 116%. See additional discussion of our Government's debt at *Financial Condition, Debt* below.

## Sustainability and self-sufficiency

The sustainability and self-sufficiency reporting unit works to protect our environment, manage our natural resources responsibly, and increase our self-sufficiency.

### Energy and water

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
<b>Energy</b>							
Primary energy consumption (quadrillion Btu) <sup>1</sup>	98	98	98	100	—%	—%	(2)%
Energy consumption from renewable sources and nuclear (quadrillion Btu)	18	18	17	14	—%	6%	29%
Net consumption of energy (quadrillion Btu)	9	11	23	31	(18)%	(61)%	(71)%
Spot price of West Texas Intermediate (WTI) crude oil per barrel	\$ 48.66	\$ 93.17	\$ 79.48	\$ 56.64	(48)%	(39)%	(14)%
Spot price of Henry Hub natural gas per million Btu	\$ 2.63	\$ 4.39	\$ 4.39	\$ 8.81	(40)%	(40)%	(70)%
Coal prices per short ton	na	na	\$ 35.61	\$ 23.59	na	na	na
<b>Water</b>							
Water use per day (billions of gallons)	355	na	409	na	na	(13)%	na

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

<sup>na</sup> An "na" reference in the table means the data is not available.

<sup>1</sup> Primary energy is energy in the form found at its original source, which has not been converted or transformed.

### Energy

Primary energy consumption decreased over the past decade, while the portion of our energy consumption that is fueled by renewable sources and nuclear grew. Over the past decade, consumption of fossil fuels decreased 6 quadrillion Btu or 7%, while consumption of nuclear electric power increased 18 trillion Btu or 2% and renewable energy consumption increased 3.4 quadrillion Btu or 55%. By source, over the past decade:

- **Fossil fuels** - Consumption of coal and petroleum decreased (7.2 quadrillion Btu or 32% and 4.7 quadrillion Btu or 12%, respectively) while consumption of natural gas increased (5.6 quadrillion Btu or 25%). The price of a barrel of crude oil dropped 14% in the past decade, while the price of natural gas dropped 70%. Coal prices were not reported for 2015, but they increased 51% between 2005 and 2010 (the earliest and latest reported dates for which we have data).
- **Renewable sources** - Consumption of energy from all renewable energy sources increased except hydroelectric (a decrease of 382 trillion Btu or 14%), with wind increasing the most (1.6 quadrillion Btu or 898%) followed by biofuels (1.6 quadrillion Btu or 274%). Biofuel is biomass converted directly into liquid fuels, of which the two most common types in use today are ethanol and biodiesel.

By sector, primary energy consumption decreased over the past decade across the electric power, transportation, and residential sectors, led by a 1.7 quadrillion Btu or 4% decrease in the electric power sector. On the contrary, primary energy consumption increased in the commercial and industrial sectors, led by growth in the commercial sector of 383 trillion Btu or 9%.

Over the past decade, we have increased our energy self-sufficiency, decreasing our net consumption of energy from 31 quadrillion Btus in 2005 to 9 quadrillion Btus in 2015. Our production of all sources of energy increased and our consumption decreased. In 2015 as compared to 2005, we imported 27% fewer barrels of crude oil.

### Water use

Water use data is not available for recent years. However, between 2005 and 2010, water use declined. All major use categories saw declines over this five-year period, except mining and aquaculture, which increased their water use by 39% and 7%, respectively. The largest gallon and percentage decrease was for thermoelectric power, for which water use decreased 40 billion gallons per day or 20% over five years.

## Environment quality and violations

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
<b>Air</b>							
Emissions (million metric tons of CO2 equivalents)	6,587	6,740	6,925	7,313	(2)%	(5)%	(10)%
Number of days reaching “unhealthy for sensitive groups” level or worse air quality <sup>1</sup>	706	599	1,112	1,990	18%	(37)%	(65)%
Air violations (facilities)	1,280	5,631	6,200	na	(77)%	(79)%	na
<b>Water</b>							
Percentage of assessed waters threatened or impaired <sup>2</sup> :							
Bays and estuaries	82% <sup>3</sup>	48%	64%	na	34ppt <sup>3</sup>	18ppt <sup>3</sup>	na
Wetlands	46%	48%	86%	na	(2)ppt	(40)ppt	na
Lakes, reservoirs, and ponds	71% <sup>3</sup>	59%	69%	na	12ppt <sup>3</sup>	2ppt <sup>3</sup>	na
Rivers and streams	42% <sup>3</sup>	52%	55%	na	(10)ppt <sup>3</sup>	(13)ppt <sup>3</sup>	na
Drinking water violations (facilities)	50,490	54,506	na	na	(7)%	na	na
<b>Other</b>							
Hazardous waste violations (facilities)	10,615	11,714	na	na	(9)%	na	na
Pesticide violations (number of federal violations)	1,199	1,044	1,698	na	15%	(29)%	na

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click “[More detail](#)” to access it.

<sup>na</sup> An “na” reference in the table means the data is not available.

<sup>1</sup> Shown are the number of days among 35 major US cities combined in which the Air Quality Index (AQI) for ozone and fine particulate pollution (PM<sub>2.5</sub>) combined was unhealthy for sensitive groups or above. A number of factors influence ozone formation, including emissions from cars, trucks, buses, power plants, and industries, along with weather conditions. Weather is especially favorable for ozone formation when it’s hot, dry and sunny, and winds are calm and light. Fine particle pollution can be emitted directly from cars, trucks, buses, power plants and industries, along with wildfires and woodstoves. But it also forms from chemical reactions of other pollutants in the air.

<sup>2</sup> The Clean Water Act requires states, territories and authorized tribes (States for brevity) to monitor water pollution and report to EPA every two years on the waters they have evaluated. This process is called assessment. Part of this process is deciding which waters do not meet water quality standards because they are too polluted. These degraded waters are called impaired (polluted enough to require action) and are placed on a State list for future actions to reduce pollution. The EPA warns - because of differences in state assessment methods, this information should not be used to determine water quality trends.

<sup>3</sup> These figures are shown for 2016, as 2015 data is not available due to biennial reporting.

### Air

Emissions (CO2 equivalents) decreased over the past decade. By emission type, carbon dioxide, methane, and nitrous oxide emissions all decreased, by 12%, 4%, and 7%, respectively, while fluorinated gas emissions increased 33%. Overall emissions decreased in every sector (including electricity generation, transportation, industrial, and agricultural) over the last decade except commercial (9% increase) and residential (1% increase).

Below is a brief summary of the various emission types:

- **Carbon dioxide** - enters the atmosphere through burning fossil fuels (coal, natural gas, and oil), solid waste, trees and wood products, and also as a result of certain chemical reactions. Carbon dioxide is removed from the atmosphere (or “sequestered”) when it is absorbed by plants as part of the biological carbon cycle.
- **Methane** – emitted during the production and transport of coal, natural gas, and oil. Methane emissions also result from livestock and other agricultural practices and by the decay of organic waste in municipal solid waste landfills.
- **Nitrous oxide** – emitted during agricultural and industrial activities, as well as during combustion of fossil fuels and solid waste.
- **Fluorinated gases** - synthetic gases that are emitted from a variety of industrial processes. Fluorinated gases are sometimes used as substitutes for stratospheric ozone-depleting substances (e.g., chlorofluorocarbons, hydrochlorofluorocarbons, and halons). These gases are typically emitted in smaller quantities, but they are potent.

Within this reporting period, we have limited data on air violations. However, both the number of facilities inspected and the number of violations appear to be decreasing.

The number of unhealthy air days decreased over the past decade but increased in the last year. In 2015, the city with the highest number of unhealthy air days was Los Angeles (134 days, as compared to 135 days in 2005). Four cities had only one unhealthy air day in 2015, three of them in Florida (Miami, Orlando, Tampa) as well as Nashville. Miami had nine unhealthy air days in 2005, Orlando had 21, Tampa had 40, and Nashville had 55.

## Water

The percentage of assessed waters found to be threatened or impaired is reported every two years. Comparing 2016 to 2010 (the latest and earliest periods discussed here for which data is available), the percentage of threatened or impaired waters decreased for bays and estuaries but increased for lakes, reservoirs, and ponds and lakes and streams. The most common cause of impairment in 2016 was:

- *bays and estuaries* - Polychlorinated Biphenyls (PCBs) followed by nutrients, turbidity, mercury, metals other than mercury, toxic organics, dioxins, and pesticides (each the cause of more than 5,000 square miles of threat or impairment);
- *wetlands* – organic enrichment/oxygen depletion, mercury, metals other than mercury, salinity/total dissolved solids/chlorides/sulfates, pathogens, and nutrients (each the cause of more than 50,000 acres of threat or impairment);
- *lakes, reservoirs, and ponds* – mercury followed by nutrients, PCBs, turbidity, metals other than mercury, algal growth, organic enrichment/oxygen depletion, and nuisance exotic species (each the cause of more than 300,000 acres of threat or impairment); and
- *rivers and streams* - pathogens followed by metals other than mercury, nutrients, organic enrichment/oxygen depletion, sediment, and habitat alterations (each the cause of more than 20,000 miles of threat or impairment).

Within this reporting period, we have limited data on drinking water violations, which does not provide enough information to identify trends. However, both the number of facilities inspected and the number of violations appear to be decreasing.

## Agriculture

(in millions of metric tons, unless otherwise noted)	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Crops harvested (in millions of acres)	323	325	322	321	(1)%	—%	1%
<i>Crops harvested per 1,000 acres of cropland</i>	958	953	961	955	1%	—%	—%
Crop failures (in millions of acres)	7	10	5	7	(30)%	40%	—%
Domestic production of grains and soy	470	480	432	400	(2)%	9%	18%
Domestic consumption of grains and soy	378	376	359	310	1%	5%	22%
Excess of grains and soy production over consumption	92	104	73	90	(12)%	26%	2%
Domestic production of meat and poultry	40	41	41	39	(2)%	(2)%	3%
Domestic consumption of meat and poultry	36	36	36	37	—%	—%	(3)%
Excess of meat and poultry production over consumption	4	5	5	2	(20)%	(20)%	100%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

Over the past decade, crops harvested remained relatively flat, consistent with the amount of cropland used for crops, while crop failures fluctuated at a greater rate.

Over the past decade, the US has remained self-sufficient for its major food sources of grains, soy, meat, and poultry by producing more than it consumes.

## American Dream

The American Dream reporting unit works to equalize economic mobility opportunity, civil rights, and democratic and community participation in the US.

### Economic mobility

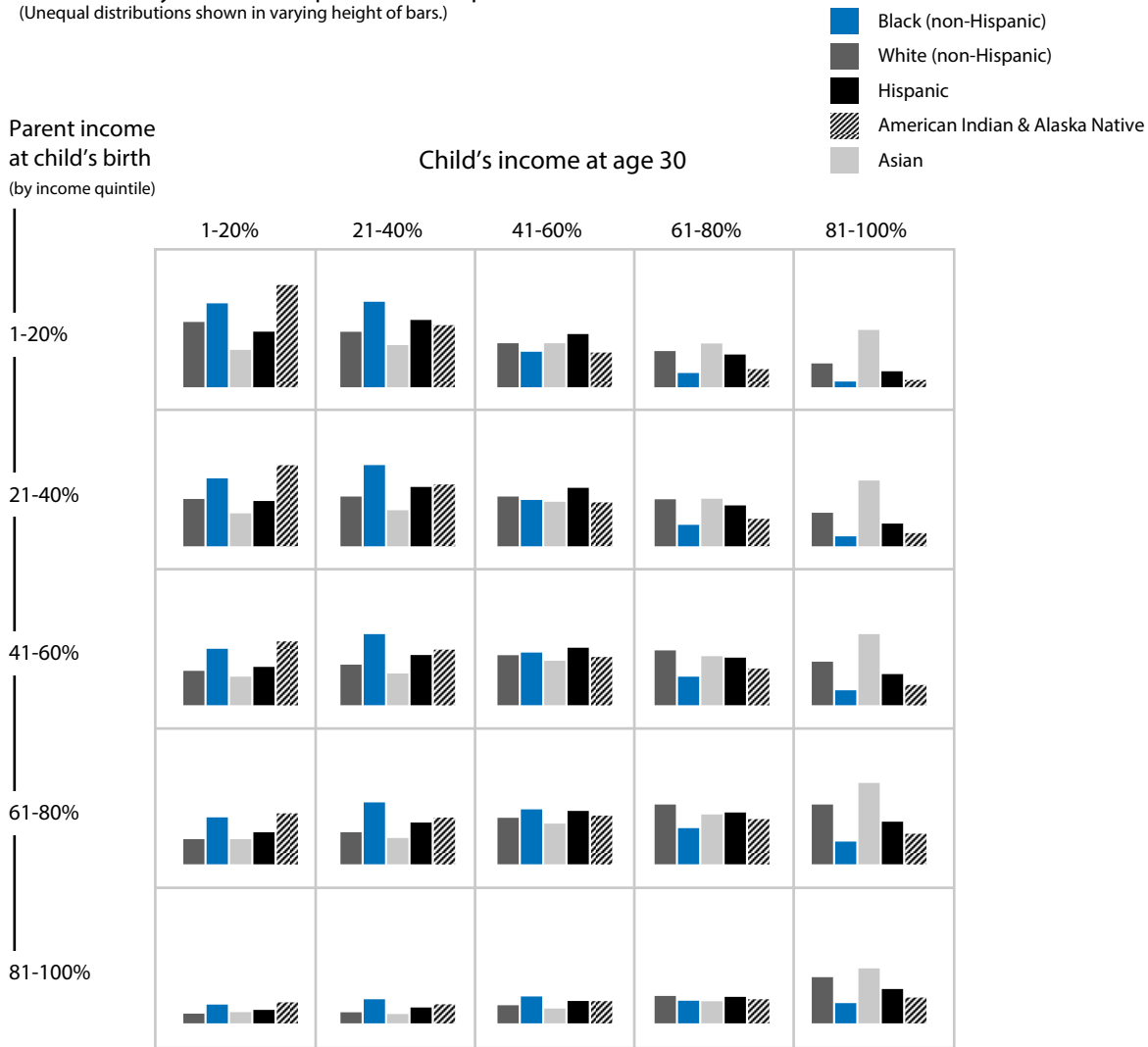
Our Government seeks to equalize economic mobility opportunity in the US, where each kid has an equal opportunity to move to a higher income group than the one into which he or she is born. By income quintile (shown below), this would mean that every child would have a 20% chance of ending up in any quintile.

The chart below (from a study that linked data from the Census Bureau and the IRS) shows differences in economic mobility by race.<sup>37</sup> 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; and
- American Indian and Alaskan Native kids have a 55% chance of moving up.

**What is a person’s likely income around age 30 compared his or her parents’ income at birth?**

A child’s likely income compared to their parents income  
(Unequal distributions shown in varying height of bars.)





## Civil rights

Our Government seeks to ensure that minorities are protected and to reduce the number of civil rights crimes in the US.

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Hate crime incidents	5,850	5,479	6,628	7,163	7%	(12)%	(18)%
<i>Hate crime incidents (per 1 million people)</i>	18	17	21	24	6%	(14)%	(25)%
Equal employment charges	89,385	88,778	99,922	75,428	1%	(11)%	19%
<i>Equal employment charges (per 1 million employees)</i>	630	639	767	563	(1)%	(18)%	12%
<i>Equal employment charges (per 1 million job openings)</i>	6,965	7,228	9,918	5,454	(4)%	(30)%	28%
Housing discrimination complaints	8,246	8,489	10,155	9,254	(3)%	(19)%	(11)%
<i>Housing discrimination complaints per housing unit</i>	66	69	86	82	(4)%	(23)%	(20)%
Health discrimination investigations	1,089	1,956	4,238	1,804	(44)%	(74)%	(40)%
<i>Health discrimination investigations per 1,000,000 people</i>	3	6	14	6	(50)%	(79)%	(50)%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

Civil rights outcomes have been mixed over the past decade.

Overall, reports of hate crime incidents decreased over the past decade. Race, ethnicity, and ancestry crimes reported decreased 32%, while incidents of religion, sexual orientation, disability, and multiple bias crimes increased during this period. Disability hate crimes increased at the highest rate – 40%. Overall reported hate crimes reversed trend in 2015, increasing 7%.

Compared to a decade ago, equal employment charges increased across every category of discrimination. However, in the last five years, equal employment charges overall decreased, with charges based on race, sex, national origin, religion, and age decreasing, and charges based on color, retaliation, and disability increasing.

Housing discrimination complaints and health discrimination investigations can fluctuate significantly but have decreased for the periods discussed in this report.

## Democratic participation

Our Government seeks to encourage civic participation, including voting.

	2016	2012	2008	2004	Change 2016 vs. 2012	Change 2016 vs. 2008	Change 2016 vs. 2004
Rate of citizen voting in presidential elections	61%	62%	64%	64%	(1)ppt	(3)ppt	(3)ppt
<i>Rate of voting per registered voter</i>	87%	87%	90%	88%	—ppt	(3)ppt	(1)ppt

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

The proportion of US citizens of voting age who voted in presidential elections has decreased. The voting-age population was 246 million in 2016, an increase of 4% over 2012. Among people of voting age, 64% were registered to vote in 2016; among citizens, the proportion was 70%. That level has changed little since 1996 but is down from a peak of 75% in 1992.

Voting rates have varied by demographic:

- the voting rate for women has been higher than for men since 1980;
- by age, the lowest voting rate in 2016, 39%, was among 18 to 24-year-olds, while the highest, 68%, was among voters 65 and older;
- among people with less than a ninth-grade education, the voting rate in 2016 was 18%, while among those with a bachelor's degree or more, it was 71%; and
- regionally, the voting rate in 2016 was highest in the Midwest (61%) and lowest in the West (53%).

By race and ethnicity, the voting rate for citizens in 2016 was highest among non-Hispanic white people, at 64%, followed by black people, at 56%. Participation in 2016 was lowest among Asian (34%) and Hispanic (33%) people. The voting rate among black people jumped from 56% in 2004 to 61% in 2008, the year Barack Obama was elected the nation's first black president, and was 62% in 2012 for his second term, before dropping again to 56% in 2016 when Obama left office.

	2014	2010	2006	2002	Change 2014 vs. 2010	Change 2014 vs. 2006	Change 2014 vs. 2002
Rate of citizen voting in midterm elections	42%	46%	48%	46%	(4)ppt	(6)ppt	(4)ppt
Rate of voting per registered voter	65%	70%	71%	69%	(5)ppt	(6)ppt	(4)ppt

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

Voting rates are even lower in nationwide midterm elections, when citizens choose all members of the US House of Representatives and a third of the Senate but not the president. The midterm-voting rate among citizens fell in all periods discussed in this MD&A.

Since 1986, women have been more likely to vote in midterm elections than men. As in presidential elections, voting frequency in midterms increases with age and educational attainment. By race and ethnicity, the midterm voting rate in 2014 was highest among white, non-Hispanic people at 45% and lowest among Hispanic people at 18%. The Midwest region had the highest midterm voting rate throughout the periods shown above, ranging from a low of 42% in 2014 to a high of 51% in 2006, while the region with the lowest voting rate was the Northeast with 36% in 2014.

### Community participation

Our Government seeks to encourage the building of strong communities throughout the US.

	2015	2014	2010	2005	Change 2015 vs. 2014	Change 2015 vs. 2010	Change 2015 vs. 2005
Volunteering rate	25%	25%	26%	29%	—ppt	(1)ppt	(4)ppt
Median volunteer hours per year	52	50	52	50	4%	—%	4%
Total giving (in millions, for tax years)	\$ 221,850	\$ 210,599	\$ 170,236	\$ 183,391	5%	30%	21%
Total giving adjusted for inflation (base 2015)	\$ 221,850	\$ 211,636	\$ 187,285	\$ 236,105	5%	18%	(6)%
Total giving per \$100,000 of Adjusted Gross Income	\$ 217	\$ 216	\$ 210	247	—%	3%	(12)%

<sup>†</sup> We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2015, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "[More detail](#)" to access it.

### Volunteering

The proportion of Americans taking part in volunteer activities declined over the past decade, among males and females and across all age groups and education levels. Volunteering in 2015 was most prevalent among people ages 35 to 49 and least prevalent in the youngest age group tracked, ages 15 to 24. People with higher levels of education (a bachelor's degree or higher) and women were more likely to volunteer than people with less education and men. Though the portion of the population volunteering decreased, the median number of volunteer hours per year increased 4% over the past decade. With respect to median volunteer hours, the most hours were worked by those ages 65 and older, while the least hours were worked by those ages 16 to 24.

### Philanthropy

Americans claimed \$222 billion in charitable deductions in tax year 2015, an average of \$6,058 per tax return with claims. This is compared with \$183 billion in charitable deductions, an average of \$4,432 per tax return, in 2005. Charitable deductions generally increased as income increased. By income cohort:

- the group with the greatest aggregate dollars claimed and number of associated tax returns in both 2015 and 2005 were those with AGI between \$100,001 and \$200,000, who claimed an aggregate of \$51 billion in charitable deductions in 2015, or an average of \$4,188 per tax return, and an aggregate of \$37 billion in 2005, or an average of \$4,081 per tax return;
- the group with the greatest dollars claimed per tax return were those with AGI of \$10 million or more, who claimed an aggregate of \$37 billion in charitable deductions in 2015, or an average of \$2.2 million per tax return.

## Financial condition<sup>38</sup>

### Liquidity and capital resources

#### Cash and other monetary assets

Our Government's cash and other monetary assets increased \$76 billion, or 7%, in 2015 to \$1,164 billion, including \$305 billion of federal funds and \$859 billion of state and local funds.

Most of the \$40 billion or 15% increase in cash and other monetary assets at the federal level relates to operating cash held by the Treasury, which fluctuates due to Treasury's management of the balance and timing of our Government's cash position, including investment and borrowing decisions.

The majority of the \$36 billion or 4% increase in cash and other monetary assets at the state and local government level relates to an increase in non-pension cash and other monetary asset balances of \$24 billion or 3%.

Our Government holds cash and monetary assets primarily to fund near-term operations and existing obligations and where otherwise required by law. It also holds international monetary assets in the International Monetary Fund (IMF). The IMF promotes international monetary cooperation and a stable payments system to facilitate growth in the world economy.

#### Debt and equity securities

Our Government's debt and equity securities comprise mainly corporate equities, corporate and foreign bonds, and agency and government-sponsored enterprise (GSE)-backed securities, primarily held at the state and local level. These securities are predominantly US dollar-denominated securities, but also include foreign currency-denominated securities.

Government debt and equity securities increased \$52 billion, or 1%, in 2015 to \$4,495 billion. Of the total increase, state and local investments increased \$63 billion, while federal investments decreased \$11 billion. At the state and local level, there was an \$82 billion increase in investments of pension assets, which are not considered liquid assets our Government can use for general operations. Offsetting this increase, in part, was a decrease of \$17 billion related to non-pension assets, driven by a decrease of \$23 billion in agency and GSE-based securities. The \$11 billion decrease in debt and equity securities at the federal level was driven primarily by a \$7 billion decrease in non-US government investments.

#### Off balance sheet assets and other arrangements

There are significant resources available to our Government that extend beyond the assets reflected in the accompanying balance sheets. Those resources include stewardship land (e.g. national parks, wildlife refuges, national forests, and other lands of national and historical significance) and heritage assets (e.g. national monuments and historical sites of historical, natural, cultural, educational, or artistic significance) in addition to our Government's sovereign powers to tax and set monetary policy.

The federal government states that stewardship land and heritage assets are not expected to be used to meet the obligations of the federal government, and as such, they are not recorded as assets on the balance sheet. However, our Government does generate revenues from these assets. See *Part II, Item 8, Financial Statements and Supplementary Data, Note 22 – Stewardship land and heritage assets* within this annual report for more information.

The primary cash inflows of our Government come from its ability to tax and set monetary policy, for which there are no assets recorded on the balance sheet. Tax revenue comprised approximately 91% and 85% of our Government's total revenues for 2015 and 2014, respectively.

Our Government has certain obligations and rights related to its relationship with GSEs that may not be recorded on the balance sheet. See *Note 8 – Investments in government-sponsored enterprises* in *Part II, Item 8, Financial Statements and Supplementary Data, Notes to financial statements* within this annual report for more information.

Our Government also has certain other obligations that are not legal liabilities in our balance sheets. See *Note 18 – Contingencies* and *Note 19 – Commitments* for more information.

#### Debt

Total Government debt held by the public increased \$335 billion, or 2%, in 2015 to \$15,395 billion.

#### Federal government

The unified federal budget surplus or deficit is the difference between total federal spending and receipts (e.g. taxes) in a given year. Our Government borrows from the public (increases federal debt levels) to finance deficits by issuing Treasury bills, bonds, and notes. During a budget surplus (i.e. when receipts exceed spending), our Government

typically uses those excess funds to reduce the debt held by the public. Total federal government debt held by the public was \$12,361 billion at September 30, 2015.

Foreign governments and other overseas entities top the list of holders of federal debt securities, owning \$6,106 billion or 47% of the total federal debt held by the public at September 30, 2015. That proportion has risen gradually from 42% in 2005, even as the total amount of federal debt has grown. The biggest foreign holders of total federal debt in 2015 were China, with \$1,258 billion or 10%, and Japan, with \$1,177 billion or 9%.

The second-largest category of investors in Treasury securities are American households and businesses, which owned \$3,425 billion at September 30, 2015, or about 26% of the total federal debt held by the public.

The third-largest holder of federal debt was the Federal Reserve, the US central bank. The Federal Reserve's holdings jumped to \$2,802 billion at September 30, 2015 from \$736 billion at September 30, 2005, as it sought to bring the country out of the Great Recession and keep the economy growing afterwards. To do that, the Federal Reserve bought large amounts of Treasury securities to keep long-term interest rates low. Buying Treasury securities pushes up their price, which in turn lowers the interest rate, or yield. That makes it cheaper for companies and individuals to borrow, since many types of loans, including home mortgages, are linked to Treasury yields.

### State and local government

State and local governments generally borrow to finance the construction of projects, including schools, hospitals, and roads. When these governments borrow, they sell bonds, which represent money that must later be repaid with interest. The state and local government debt balance was \$3,034 billion at September 30, 2015.

We are not aware of an aggregated source for a listing of holders of the state and local government debt held by the public.

### Intergovernmental debt

In addition to debt held by the public, our federal government had \$5,102 billion in federal intergovernmental debt outstanding at September 30, 2015, which arose when one part of our federal government borrowed from another. This amount represents debt issued by the Treasury and held by federal government accounts, including the Social Security (\$2,808 billion) and Medicare (\$262 billion) trust funds. Because these amounts are both liabilities of the Treasury and assets of federal government trust funds, they are eliminated as part of the consolidation process for the federal government financial statements. However, when those securities are redeemed, for example, to pay future Social Security benefits, the Treasury will need to obtain the resources necessary to reimburse the trust funds.

There is also intergovernmental debt between the federal and the state and local governments, which generally arises when state and local governments invest in Treasury securities. We eliminated the state and local government holdings of Treasury securities when preparing our combined balance sheets. See *Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 23 – Intergovernmental transfers* for more information.

### Contractual obligations

The following table summarizes the payments due by fiscal year for our Government's outstanding contractual obligations as of September 30, 2015:

(In billions)	2016	2017-2018	2019-2020	Thereafter	Total
Long-term debt: <sup>1</sup>					
Federal government Treasury securities principal payments	\$ 3,097	\$ 3,175	\$ 2,317	\$ 3,722	\$ 12,311
Federal government Treasury securities interest payments <sup>2</sup>	299	373	281	1,183	2,136
State and local government principal payments <sup>3</sup>	*	*	*	*	3,034
Federal government long-term operating leases <sup>4</sup>	*	*	*	*	39
Federal undelivered orders <sup>5</sup>	*	*	*	*	1,125
Federal other commitments <sup>6</sup>	*	*	*	*	405
<b>Total contractual obligations</b>	<b>\$ 3,396</b>	<b>\$ 3,548</b>	<b>\$ 2,598</b>	<b>\$ 4,905</b>	<b>\$ 19,050</b>

\* We are not aware of a source for this data by year.

<sup>1</sup> Excludes unamortized discounts and agency securities. See Part II, Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 11 – Debt securities held by the public and accrued interest within this annual report.

<sup>2</sup> These amounts represent estimates of the amounts due for interest on federal government debt obligations. We calculated the interest payments using the September 2015 Monthly Statement of the Public Debt report from the Treasury (found at [https://www.treasurydirect.gov/govt/reports/pd/mspd/2015/2015\\_sep.htm](https://www.treasurydirect.gov/govt/reports/pd/mspd/2015/2015_sep.htm)). We multiplied the outstanding Treasury security balances by each security's interest rate, to arrive at an annual expected interest payment. This sum was then multiplied by the number of years remaining on each security as of September 30, 2015, and grouped to arrive at the estimated interest payments for the years presented.

<sup>3</sup> This amount represents total state and local government debt outstanding on the 2015 balance sheet. We are not aware of an aggregated source that provides the amount of principal debt payments in each of the years shown above. This amount does not include expected interest on the state and local government debt obligations as we are not aware of an aggregated source for this data.

<sup>4</sup> This amount represents the federal long-term operating leases at September 30, 2015 that require then-future use of financial resources. See Note 19 – Commitments for more information. We are not aware of an aggregated source for state and local government long-term operating lease commitments.

<sup>5</sup> This amount represents the federal government undelivered orders at September 30, 2015, which represent the value of goods and services ordered that had not yet been received as of that date. See Note 19 – Commitments for more information. We are not aware of an aggregated source for state and local government undelivered orders.

<sup>6</sup> This amount represents other federal government commitments at September 30, 2015 that may require then-future use of financial resources. See Note 19 – Commitments for more information. We are not aware of an aggregated source for other state and local government commitments.

Companies are also required to report in the table above within their Form 10-Ks future capital lease obligation payments. We are not aware of a federal or state and local aggregated source for this data and as such, the table above omits this information.

## Other expected uses of capital

We expect our Government will continue to invest in major government functions and programs, such as Social Security, Medicare, infrastructure, education, and training, to name a few, in alignment with its overall objectives.

### Social insurance

The largest outlays of the federal government are the various social insurance programs (e.g. Social Security and Medicare), and grants to the states for Medicaid. Our Government records liabilities for social insurance programs when payments are due and payable to beneficiaries or service providers. These liabilities do not encompass total expected future expenditures.

The Treasury, in its annual *Financial Report*, provides Statements of Social Insurance (SOSI). The SOSI provide estimates of the potential future obligations for the most significant social insurance programs—Social Security, Medicare, Railroad Retirement, and Black Lung. The estimates represent the actuarial present values of the projected future net expenditures for the programs, generally based on continuation of then-current program provisions and economic and demographic assumptions from the respective programs' trustees over the following 75 years. The estimates at September 30, 2015 show net present values of estimated then-future net expenditures for Social Security, Medicare, and other social insurance programs of \$13,440 billion, \$27,940 billion, and \$108 billion, respectively.

### Deferred maintenance and repairs

Deferred maintenance and repairs result from maintenance not being performed on assets on a timely basis. The consequences of not performing regular maintenance and repairs could include increased safety hazards, poor service to the public, higher costs in the future, and inefficient operations. Our federal government estimates the cost to bring Government-owned property, plant, and equipment to an acceptable condition. These estimates exclude the cost of expanding the capacity of assets or upgrading them to serve needs beyond those originally intended. The estimated deferred building and structure maintenance and repairs is \$208 billion as of September 30, 2016. Estimated deferred maintenance and repairs costs are not recognized as a liability on the balance sheets.

## Sustainability

### Federal

Our federal government operates at a deficit nearly every year, with cash outflows exceeding inflows. We do not expect existing cash, cash equivalents, short-term investments, and cash flows from operations to be sufficient to fund federal government operations. Rather, we rely on our federal government's ability to issue debt securities or to adjust tax and other revenues to fund its activities. This is true for at least the next 12 months and thereafter for the foreseeable future.

Our federal government's ability to issue debt securities is subject to a statutory debt limit (the Debt Limit) and is impacted by its credit rating. The sum of debt held by the public and intergovernmental debt equals gross federal debt, which (with some adjustments) is subject to the Debt Limit. At September 30, 2015, both the Debt Limit and the debt subject to the Debt Limit were \$18 trillion. At September 30, 2014, there was no Debt Limit due to Congress' temporary suspension of it. Twice during fiscal year 2014 and once during fiscal year 2015, delays in raising the debt limit resulted in the Treasury implementing "extraordinary measures" on a temporary basis, to enable the federal government to protect the full faith and credit of the US by continuing to pay the nation's bills. These extraordinary measures permit the federal government to continue to honor pre-existing commitments; it does not increase spending or authorize new spending. As of September 30, 2015, and 2014, the federal government had the top two highest possible ratings among the largest credit rating agencies in the US. See *Item 7A. – Quantitative and Qualitative Disclosures about Market Risk, Sovereign credit rating*, for further information.

According to the Treasury, an important item for citizens to understand is the current fiscal policy and the importance and magnitude of policy reforms necessary to make it sustainable, according to its definition of sustainability. According to the Treasury, a sustainable policy is one where the ratio of debt held by the public to Gross Domestic Product (GDP) (the debt-to-GDP ratio) is stable or declining over the long term. GDP measures the size of the nation's economy in terms of the total value of all final goods and services that are produced in a year. The debt-to-GDP ratio is a measure commonly used to gauge a nation's ability to pay its debt, as GDP is one measure of a country's ability to generate the financial resources needed to service its debt. Total Government debt (federal and state and local) held by the public (excluding intergovernmental debt) was \$15,395 billion at September 30, 2015, or 85% of GDP, down slightly from 86% of GDP at September 30, 2014. Total federal debt (including intergovernmental debt) was 73% of GDP, while federal debt held by the public (excluding intergovernmental debt) was 68% of GDP, at September 30, 2015.

The projections in the *Financial Report* at the end of 2015 indicate that the debt-to-GDP ratio was projected to reach 223% in 2090 and to rise continuously thereafter. The debt-to-GDP ratio rises at an accelerating rate despite primary deficits (the total budget deficit excluding net payments) that flatten out because higher levels of debt lead to higher net

interest expenditures, and higher net interest expenditures lead to higher debt. Preventing the debt-to-GDP ratio from rising over the 75 years following 2015 was estimated by the Treasury to require some combination of spending reductions and revenue increases that amount to 1% of GDP over the projection period, an improvement of 1% over 2014. While this estimate of the “75-year fiscal gap” is highly uncertain, the Treasury believes it is nevertheless nearly certain that then-current fiscal policies cannot be sustained indefinitely.

### **State and local**

We are not aware of a consolidated state and local government source that analyzes its financial sustainability.

### Application of critical accounting policies

Preparing financial statements requires preparers to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by the application of accounting policies. As the combined financial statements in this annual report represent the aggregation of financial data prepared by other entities, and as we do not have complete information about the accounting policies used to prepare the data, we are unable to determine what are the critical accounting policies.