Part II

Item 6. Selected Financial Data

The figures below represent financial highlights for our Government, comprising combined federal, state, and local government figures.

(In billions) Year Ended September 30,	2016	2015	2010	2005	2000	1990	1980
As reported							
Revenue	$ 5,097	$ 5,168	$ 3,931	$ 3,640	$ 3,214	$ 1,638	$ 770
Expenditures	$ 5,852	$ 5,658	$ 5,130	$ 3,826	$ 2,804	$ 1,817	$ 833
Surplus (deficit)	$ (755)	$ (490)	$ (1,199)	$ (186)	$ 410	$ (179)	$ (63)
Cash, cash equivalents, and short-term investments [1]	$ 1,180	$ 1,010	$ 967	$ 506	$ 479	$ 298	$ 128
Total assets [1]	$ 21,633	$ 21,095	$ 17,337	$ 13,145	$ 10,281	$ 5,591	$ 2,863
Total liabilities [1]	$ 29,110	$ 27,914	$ 20,966	$ 13,833	$ 9,430	$ 5,531	$ 2,150
Net worth [1]	$ (7,477)	$ (6,819)	$ (3,629)	$ (688)	$ 851	$ 30	$ 713
Adjusted for inflation [2]							
Revenue	$ 5,097	$ 5,216	$ 4,321	$ 4,495	$ 4,497	$ 3,041	$ 2,300
Expenditures	$ 5,852	$ 5,711	$ 5,639	$ 4,724	$ 3,924	$ 3,373	$ 2,488
Surplus (deficit)	$ (755)	$ (495)	$ (1,318)	$ (229)	$ 573	$ (332)	$ (188)
Cash, cash equivalents, and short-term investments [1]	$ 1,180	$ 1,019	$ 1,063	$ 625	$ 670	$ 553	$ 382
Total assets [1]	$ 21,633	$ 21,291	$ 19,057	$ 16,231	$ 14,386	$ 10,380	$ 8,550
Total liabilities [1]	$ 29,110	$ 28,173	$ 23,047	$ 17,081	$ 13,195	$ 10,324	$ 6,421
Net worth [1]	$ (7,477)	$ (6,882)	$ (3,989)	$ (850)	$ 1,191	$ 56	$ 2,129

[1] *Balance sheet figures shown here are sourced from the Federal Reserve. The balance sheets that we use in all other sections of this document are sourced as described in About This Report, Structure and content, Sources of data, Financial statement and related data at the beginning of this report. Because Item 6 requires us to show more years of financial information than elsewhere in this report, the figures that we show here are sourced from the Federal Reserve as this is the only source of which we are aware that provides an extended time series of combined balance sheet data. Key differences in the balance sheets from the two sources are that the Federal Reserve does not appear to include in its data: TARP investments, inventories and related property, investments in GSEs, or land in their assets or environmental and disposal liabilities, benefits due and payable, loan guarantee liabilities, or other liabilities in their liabilities. They also appear to account for Treasury securities, property, plant, and equipment, and employee and veteran benefits payable on different bases.*

[2] *To show the financial highlights in "real" terms, we have calculated and reported inflation-adjusted amounts. The inflation adjustment factors are based on the Consumer Price Index – All Urban Consumers (CPI-U) with a baseline year of 2016.*

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, school districts, and special district governments. At 3.8 million square miles and with over 327 million people (as of 2018), 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 48% 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 26% of its expenditures. By segment, our Government's most significant expenditures are for securing the blessings of liberty to ourselves and our posterity, comprising 53% of its expenditures.

Fiscal years presented

In this MD&A, we analyze the one-year, five-year, and 10-year periods ending September 30, 2016, the most recent period for which a nearly complete set of federal, 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 2016, 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 are summarized below.

When comparing 2016 to 2006, we made progress towards our objectives by:

- ***improving health of the economy***, including growing GDP, the S&P500, median annual wages, 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; transportation fatalities; most types of fires and civilian deaths from highway vehicle fires; non-fatal child victimization; border apprehensions; disaster declarations for most types of natural disasters; acres burned in forest fires; housing discrimination complaints; and hate crimes;
- ***improving quality of life for certain populations***, including reducing numbers of children in foster care and the veteran unemployment rate, while increasing charitable giving; 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.

We retreated from our objectives through:

- ***fiscal unsustainability of our Government***, as our Government's debt continues to grow as a percentage of GDP and per capita;
- ***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 of civilian deaths from fires other than highway vehicle 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 nearly all leading causes, and increased personal healthcare expenditures;
- ***insufficiently protecting our children***, including increasing numbers of homeless children and child fatalities as a result of maltreatment; and
- ***increasing challenges to homeownership***, including reduced new home sales, the percentage of families that are homeowners, and the value of real estate assets.

Our Government's operations are financially unsustainable. It continues to spend more than it takes in each year, amassing total liabilities and an overall accumulated deficit that reached $33.7 trillion and $14.2 trillion, respectively, at September 30, 2016. Expenditures increased 43% between 2006 and 2016, when they reached a record high of $5.9 trillion annually. Our Government has, however, reduced its annual deficit by 67% from its peak of $2.3 trillion in 2009 to $755 billion in 2016 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, Recently 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.

Macroeconomy and related government actions

Key economic indicators

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

	2016	2015	2011	2006
Interest rates (Calendar year)				
10-year Treasury Rate	1.84%	2.14%	2.78%	4.80%
US Federal Funds Rate	0.54%	0.24%	0.07%	5.24%
US Bank Prime Loan Rate	3.51%	3.26%	3.25%	7.96%
Economic indicators				
Gross domestic product (calendar year)	18,707	18,219	15,543	13,815
Gross domestic product (fiscal year)	18,551	18,090	15,404	13,638
Average annual US inflation rate (calendar year)	1.3%	0.1%	3.2%	3.2%
Average annual US inflation rate (fiscal year)	0.9%	0.3%	2.7%	3.7%
Change in average annual US inflation from the respective year to 2016	*—ppt*	*0.6ppt*	*(1.8)ppt*	*(2.8)ppt*
Stock indices				
Standard and Poor's 500 (S&P 500) average daily closing price:				
Federal fiscal year – October 1 to September 30	2,061	2,050	1,262	1,271
Change from the respective year to 2016	*—%*	*1%*	*63%*	*62%*
State and local fiscal year – July 1 to June 30	2,027	2,037	1,230	1,255
Change from the respective year to 2016	*—%*	*1%*	*65%*	*62%*
Differences between beginning and ending closing prices of select stock indices, July 1 of the prior year compared to June 30:				
S&P 500	36	103	290	79
Change from the respective year to 2016	*—%*	*(65)%*	*(88)%*	*(55)%*
Deutsche Boerse AG German Stock Index, Performance (DAX)	(1,265)	1,112	1,411	1,097
Change from the respective year to 2016	*—%*	*(214)%*	*(190)%*	*(215)%*
Nikkei 225: N225 (NIKKEI)	(4,660)	5,074	433	3,921
Change from the respective year to 2016	*—%*	*(192)%*	*(1,175)%*	*(219)%*
Financial Times Stock Exchange 100 Index: UKX (FTSE)	(17)	(223)	1,029	720
Change from the respective year to 2016	*—%*	*(93)%*	*(102)%*	*(102)%*
Chicago Board Options Exchange Volatility Index (VIX) at June 30	16	18	17	13
Asset and service prices				
Gold price (per troy ounce)	$ 1,250.80	$ 1,160.10	$ 1,571.50	$ 603.80
West Texas Intermediate (WTI) crude oil spot price (per barrel)	$ 43.29	$ 48.66	$ 94.88	$ 66.05
Consumer Price Index (average monthly for the fiscal year):				
Consumer price index	238.9	236.7	223.1	200.6
Growth from the respective year to 2016	*—%*	*0.9%*	*7.1%*	*19.1%*
Food price index	247.8	246.1	225.4	194.5
Growth from the respective year to 2016	*—%*	*0.7%*	*9.4%*	*27.4%*
Medical care price index	459.1	443.6	397.0	333.1
Growth from the respective year to 2016	*—%*	*3.5%*	*15.6%*	*37.8%*
Medical care commodities price index	362.6	352.7	321.6	284.2
Growth from the respective year to 2016	*—%*	*2.8%*	*12.8%*	*27.6%*
Medical care services price index	490.0	472.7	420.3	347.1
Growth from the respective year to 2016	*—%*	*3.7%*	*16.6%*	*41.2%*
Hospital and related services price index	787.1	753.7	633.4	460.9
Growth from the respective year to 2016	*—%*	*4.4%*	*24.3%*	*70.8%*
Housing				
US 30-year mortgage interest rate	3.66%	3.85%	4.45%	6.41%
Median new home sales price (in thousands) [1]	$ 304	$ 293	$ 226	$ 245
Median home values (in thousands) [2]	$ 200	$ 188	$ 177	$ 176
Existing home sales (in thousands of housing units) [3]	5,450	5,228	na	na
New home sales (in thousands of housing units)	561	501	323	1,051

† *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, Investing.com*

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

1 *December of each year*

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

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

The first five years discussed in this MD&A

The 10-year period from fiscal year 2006 to fiscal year 2016 began as the US macroeconomy was continuing to recover from both a recession that started in 2001 and the 9/11 Terrorists Attacks. Between fiscal years 2006 and 2011, nominal GDP increased by 13%, with the following sectors experiencing the largest increases: government; educational services, healthcare, and social assistance; professional and business services; and finance, insurance, real estate, rental, and leasing. 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 was accompanied by a financial crisis that 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 (96% of which has since been returned to our Government, along with a surplus on certain investments that totals more than $7.9 billion).

During this period, federal and state 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.

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 macroeconomy. 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. 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. In March of 2010, the Affordable Care Act (ACA) was enacted, with most of the associated government revenue increases taking effect on January 1, 2013.

The following five years

The final five years of the 10-year window included in this MD&A was marked by economic growth. Overall, between fiscal years 2011 and 2016, nominal GDP grew by 20%, with the following sectors experiencing the largest increases: finance, insurance, real estate, rental, and leasing; professional and business services; educational services, healthcare, and social assistance; and government.

This period was also one of numerous changes in individual income tax law. In December 2012, following President Obama's reelection, he signed into law an extension of the Bush tax cuts again, albeit this time without the lower tax rates on high-income taxpayers. So, the top two individual income tax rates reverted to their pre-2001 levels of 39.6% and 36%, while the top income tax rate on capital gains moved from 15% to 20%. These tax rates went into effect in January 2013.

Also going into effect in January 2013 were some new taxes from the ACA. This included most notably a new 3.8% tax on unearned income for high-income taxpayers. That is, taxpayers with AGIs higher than $200,000 (single) and $250,000 (married) began paying a 3.8% tax on income from interest, dividends, and capital gains, among other sources. Furthermore, there was a 0.9 percentage point increase in the employee Medicare tax for those with AGIs higher than

$200,000 (single) and $250,000 (married). This applies to payroll sources of income such as wages and self-employment income. The ACA also put into effect a higher AGI threshold for the medical expenses itemized deduction. Specifically, taxpayers under the age of 55 can now deduct medical expenses in excess of 10% of AGI. Before, it was 7.5% of AGI.

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

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:

- 2015 to 2016 – 2.3 million people or 1%, 1.3 million through births and deaths and 1.0 million through migration;
- 2011 to 2016 – 11.5 million people or 4%, 6.7 million through births and deaths and 4.8 million through migration; and
- 2006 to 2016 – 24.7 million people or 8%, 15.3 million through births and deaths, 8.7 million through migration, and 0.7 million not attributable.

Our population aged 65 years and older grew by:

- 2015 to 2016 – 1.5 million people or 3%;
- 2011 to 2016 – 7.9 million people or 19%; and
- 2006 to 2016 – 12.1 million people or 33%.

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

	2016			2015			Changes					
(In billions, except percentages)	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	**$ 5,097**	$ 3,297	$ 1,800	**$ 5,168**	$ 3,301	$ 1,867	**$ (71)**	$ (4)	$ (67)	**(1)%**	—%	(4)%
Expenditures	**5,852**	3,195	2,657	**5,658**	3,086	2,572	**194**	109	85	**3%**	4%	3%
Intergovernmental (expenditures) revenues [1]	—	(665)	665	—	(628)	628	—	(37)	37	**—%**	6%	6%
Net surplus (deficit)	**$ (755)**	$ (563)	$ (192)	**$ (490)**	$ (413)	$ (77)	**$ (265)**	$ (150)	$ (115)	**54%**	36%	149%
Estimated impact of inflation on net surplus (deficit)							**$ (5)**	$ (4)	$ (1)	**1%**	1%	1%
Estimated impact of population growth on net surplus (deficit)							**(4)**	(3)	(1)	**1%**	1%	1%

	2016			2011			Changes					
(In billions, except percentages)	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	**$ 5,097**	$ 3,297	$ 1,800	**$ 4,279**	$ 2,329	$ 1,950	**$ 818**	$ 968	$ (150)	**19%**	42%	(8)%
Expenditures	**5,852**	3,195	2,657	**5,295**	2,991	2,304	**557**	204	353	**11%**	7%	15%
Intergovernmental (expenditures) revenues [1]	—	(665)	665	—	(607)	607	—	(58)	58	**—%**	10%	10%
Net surplus (deficit)	**$ (755)**	$ (563)	$ (192)	**$ (1,016)**	$ (1,269)	$ 253	**$ 261**	$ 706	$ (445)	**(26)%**	(56)%	(176)%
Estimated impact of inflation on net surplus (deficit)							**$ (72)**	$ (90)	$ 18	**7%**	7%	7%
Estimated impact of population growth on net surplus (deficit)							**(38)**	(48)	10	**4%**	4%	4%

	2016			2006			Changes					
(In billions, except percentages)	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	**$ 5,097**	$ 3,297	$ 1,800	**$ 4,040**	$ 2,426	$ 1,614	**$ 1,057**	$ 871	$ 186	**26%**	36%	12%
Expenditures	**5,852**	3,195	2,657	**4,082**	2,227	1,855	**1,770**	968	802	**43%**	43%	43%
Intergovernmental expenditures (revenues) [1]	—	(665)	665	—	(434)	434	—	(231)	231	**—%**	53%	53%
Net surplus (deficit)	**$ (755)**	$ (563)	$ (192)	**$ (42)**	$ (235)	$ 193	**$ (713)**	$ (328)	$ (385)	**1,698%**	140%	(199)%
Estimated impact of inflation on net surplus (deficit)							**$ (8)**	$ (45)	$ 37	**19%**	19%	19%
Estimated impact of population growth on net surplus (deficit)							**(4)**	(20)	16	**8%**	8%	8%

[1] *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 (2006, 2011, 2015, and 2016), as well as in all intervening years (between 2006 and 2016) 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[34]

Fiscal year 2016 compared with fiscal year 2015

(In billions, except percentages)	2016 Total	2016 Federal	2016 State and Local [1]	2015 Total	2015 Federal	2015 State and Local [1]	Changes [2] Total	Federal	State and Local [1]	Total	Federal	State and Local [1]
Individual income taxes	**$ 1,922**	$ 1,546	$ 376	**$ 1,909**	$ 1,541	$ 368	**$ 13**	$ 5	$ 8	**1%**	—%	2%
Payroll taxes	**1,133**	1,133	—	**1,082**	1,082	—	**51**	51	—	**5%**	5%	—%
Sales and excise taxes	**654**	95	559	**643**	98	545	**11**	(3)	14	**2%**	(3)%	3%
Property taxes	**503**	—	503	**484**	—	484	**19**	—	19	**4%**	—%	4%
Corporate income taxes	**354**	300	54	**401**	344	57	**(47)**	(44)	(3)	**(12)%**	(13)%	(5)%
Other taxes	**182**	66	116	**181**	63	118	**1**	3	(2)	**1%**	5%	(2)%
Tax revenues	**$ 4,748**	$ 3,140	$ 1,608	**$ 4,700**	$ 3,128	$ 1,572	**$ 48**	$ 12	$ 36	**1%**	—%	2%
Earnings on investments	**$ 55**	$ —	$ 55	**$ 159**	$ —	$ 159	**$ (104)**	$ —	$ (104)	**(65)%**	—%	(65)%
Federal Reserve earnings	**116**	116	—	**97**	97	—	**19**	19	—	**20%**	20%	—%
Sales of government resources	**25**	11	14	**49**	35	14	**(24)**	(24)	—	**(49)%**	(69)%	—%
Other non-tax revenues	**153**	30	123	**163**	41	122	**(10)**	(11)	1	**(6)%**	(27)%	1%
Total non-tax revenues	**$ 349**	$ 157	$ 192	**$ 468**	$ 173	$ 295	**$ (119)**	$ (16)	$ (103)	**(25)%**	9%	(35)%
Total revenues	**$ 5,097**	$ 3,297	$ 1,800	**$ 5,168**	$ 3,301	$ 1,867	**$ (71)**	$ (4)	$ (67)	**(1)%**	—%	(4)%
Estimated impact of inflation on total revenues							**$ 48**	$ 31	$ 17	**1%**	1%	1%
Estimated Impact of population growth on total revenues							**38**	24	14	**1%**	1%	1%

[1] *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).*

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

2015 to 2016 | Payroll tax revenue

The $51 billion increase in payroll tax revenue primarily reflected a $41 billion or 5% increase in Social Security taxes, driven by a $272 billion* or 4%* increase in earnings subject to the taxes. The Social Security tax rate (employee and employer combined) was 12.4% in each year.

2015 to 2016 | State and local sales and excise taxes

The $14 billion growth in revenue from state and local sales and excise taxes reflects an $8 billion or 2% increase in general sales tax revenues and a $6 billion or 3% increase in selective sales tax revenues.

General sales tax revenues

General sales tax revenues increased due to increases in both general sales tax rates and consumption of taxable goods and services. State-level general sales tax rates in one state (Kansas) increased 0.35 percentage points, while there were no decreases in any states.[35] During the periods presented, local governments both increased and decreased their sales tax rates. Household consumption of all major categories of taxable goods and services increased during the period, led by recreation and entertainment (6% increase), food and beverages away from home (5%), and technology (4%).

Selective sales tax revenues

Selective sales tax revenues increased across nearly every major category, led by a 7% increase in taxes on insurance premiums and a 3% increase in taxes on motor fuels, offset in part by a 2% decrease in taxes on public utilities. These changes in selective sales tax revenues are due to changes in consumption of the selected goods and services as well as the related tax rates. During this period, spending on insurance premiums increased 4%[36] and unit consumption of motor fuel/oil increased 2%[45], while spending on household utilities/fuels decreased 2%. The unweighted average of gas tax rates across all states increased approximately 10% during this period.[35] We are not aware of an aggregated source of data for state and local government tax rates on insurance premiums or public utilities.

2015 to 2016 | Property taxes

The $19 billion or 4% growth in revenue from property taxes reflects a 6%** increase in the median home value. In addition, property tax rates changed in 2016, including growth of 4% in the aggregate unweighted average of the nominal residential property tax rate for the largest city in each state. Among this group, the nominal residential property tax rate increased in the largest city in 20 states, with a maximum increase of 29% in Bridgeport, CT, offset in part by decreases in 17 states, with a maximum decrease of 52% Oklahoma City, OK.[35]

2015 to 2016 | Federal corporate income tax revenue

Federal corporate income tax revenues decreased $44 billion or 13%. 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 or 2016 C-Corporation tax data by sector; the latest data available is for 2014.

2015 to 2016 | State and local earnings on investments[37]

State and local earnings on investments (primarily funds held by retirement, workers' compensation, and other trusts) decreased $105 billion or 66% due to decreases in stock market performance combined with a 2% decrease in investment balances. Using state and local fiscal year (July 1 to June 30) starting and ending stock prices, there were 65%, 93%, 192%, and 214% decreases in the S&P 500, FTSE, NIKKEI, and DAX, respectively. The largest investment balance decreases were in foreign and international securities, corporate stocks, and real property, offset in part by increases in investments in miscellaneous investments and corporate bonds.

Fiscal year 2016 compared with fiscal year 2011

	2016			2011			Changes [2]					
(In billions, except percentages)	Total	Federal	State and Local [1]	Total	Federal	State and Local [1]	Total	Federal	State and Local [1]	Total	Federal	State and Local [1]
Individual income taxes	**$ 1,922**	$ 1,546	$ 376	**$ 1,376**	$ 1,091	$ 285	**$ 546**	$ 455	$ 91	**40%**	42%	32%
Payroll taxes	**1,133**	1,133	—	**835**	835	—	**298**	298	—	**36%**	36%	—%
Sales and excise taxes	**654**	95	559	**536**	72	464	**118**	23	95	**22%**	32%	20%
Property taxes	**503**	—	503	**446**	—	446	**57**	—	57	**13%**	—%	13%
Corporate income taxes	**354**	300	54	**229**	181	48	**125**	119	6	**55%**	66%	13%
Other taxes	**182**	66	116	**155**	47	108	**27**	19	8	**17%**	40%	7%
Tax revenues	**$ 4,748**	$ 3,140	$ 1,608	**$ 3,577**	$ 2,226	$ 1,351	**$ 1,171**	$ 914	$ 257	**33%**	41%	19%
Earnings on investments	**$ 55**	$ —	$ 55	**$ 485**	$ —	$ 485	**$ (430)**	—	(430)	**(89)%**	—%	(89)%
Federal Reserve earnings	**116**	116	—	**83**	83	—	**33**	33	—	**41%**	40%	—%
Sales of government resources	**25**	11	14	**22**	9	13	**3**	2	1	**15%**	22%	8%
Other non-tax revenues	**153**	30	123	**112**	11	101	**41**	19	22	**38%**	172%	22%
Total non-tax revenues	**$ 349**	$ 157	$ 192	**$ 702**	$ 103	$ 599	**$ (353)**	$ 54	$ (407)	**(50)%**	52%	(68)%
Total revenues	**$ 5,097**	$ 3,297	$ 1,800	**$ 4,279**	$ 2,329	$ 1,950	**$ 818**	$ 968	$ (150)	**19%**	42%	(8)%
Estimated impact of inflation on total revenues							**$ 305**	$ 166	$ 139	**7%**	7%	7%
Estimated impact of population growth on total revenues							**162**	88	74	**4%**	4%	4%

[1] *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).*

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

2011 to 2016 | Federal individual income tax revenue

The federal individual income tax revenue increase of $455 billion can be attributed $203 billion* to changes in average tax rates and $252 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 $252 billion increase in individual taxable income reflected an approximately $1,919 billion or 23% increase in aggregate AGI. Following are the income components of AGI shown by AGI group (cohort).

	2016					2011					Changes									
(In billions, except percentages)	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other[1]**	**Total AGI**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other[1]**	**Total AGI**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other[1]**	**Total AGI**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other[1]**	**Total AGI**
Less than $1	$ 20	$ 13	$ (44)	$ (191)	**$ (202)**	$ 20	$ 12	$ (55)	$ (171)	**$ (194)**	$ —	$ 1	$ 11	$ (20)	**$ (8)**	—%	8%	20%	(12)%	**(4)%**
$1-$50K	1,590	8	7	357	**1,962**	1,531	4	5	422	**1,962**	59	4	2	(65)	**—**	4%	100%	40%	(15)%	**—%**
$50,001-$75K	960	9	10	259	**1,238**	898	4	8	252	**1,162**	62	5	2	7	**76**	7%	125%	25%	3%	**7%**
$75,001-$100K	848	11	13	250	**1,122**	790	6	12	221	**1,029**	58	5	1	29	**93**	7%	83%	8%	13%	**9%**
$100,001-$200K	1,911	49	60	521	**2,541**	1,503	22	48	377	**1,950**	408	27	12	144	**591**	27%	123%	25%	38%	**30%**
$200,001-$500K	1,094	76	132	276	**1,578**	733	38	98	188	**1,057**	361	38	34	88	**521**	49%	100%	35%	47%	**49%**
$500,001-$1 million	342	56	118	83	**599**	225	30	78	62	**395**	117	26	40	21	**204**	52%	87%	51%	34%	**52%**
Over $1 million	426	412	333	213	**1,384**	301	256	224	161	**942**	125	156	109	52	**442**	42%	61%	49%	32%	**47%**
Total	$ 7,191	$ 634	$ 629	$ 1,768	**$ 10,222**	$ 6,001	$ 372	$ 418	$ 1,512	**$ 8,303**	$ 1,190	$ 262	$ 211	$ 256	**$ 1,919**	20%	70%	50%	17%	**23%**

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

AGI by cohort

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 $1,758 billion or 40%. The cohort with the largest dollar increase in AGI is the one with AGI between $100,001 and $200,000, at an increase of $591 billion or 30%, driven primarily by higher wages and salaries but with increases across all sources of income. The cohort with the largest percentage increase in AGI is the one with AGI between $500,001 and $1 million, at an increase of 52% or $204 billion, driven primarily by higher wages and salaries but with increases across all sources of income. These increases in AGI were offset in part by a $20 billion or 4% decrease in AGI for the cohort where AGI is less than $1.

AGI by income type

More than 62% of the overall $1,919 billion increase in AGI was driven by higher wages and salaries, which increased $1,190 billion or 20%. All cohorts with AGI of $1 or more saw wage and salary growth. The largest dollar amount of growth, at an aggregate increase of $408 billion or 27%, was for the cohort with AGI between $100,001 and $200,000. The highest rate of wage and salary growth, at 52% or $117 billion, was for the cohort with AGI between $500,001 and $1 million.

Net capital gains income increased $262 billion or 70%, comprising approximately 14% 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 $156 billion or 61%, was for the cohort with AGI over $1 million. The highest rate of growth, at 125% or $5 billion, was for the cohort with AGI between $50,001 and $75,000. The average daily closing price of the S&P 500 between these federal fiscal years (October 1 to September 30) increased 63%, which may have contributed to increases in capital gains.

Partnership and S-Corporation income increased $211 billion or 50%, comprising 11% 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 $183 billion or 46%. The highest rate of growth, at 51% or $40 billion, was for the cohort with AGI between $501,000 and $1 million.

2011 to 2016 | State and local individual income tax revenues

The $91 billion state and local individual income tax revenue increase can be attributed $66 billion** to higher taxable income and $25 billion** to changes in average tax rates.

Income changes**

The $66 billion increase attributable to higher individual taxable income reflected an approximately $1,541 billion or 24% increase in the aggregate AGI of all individual taxpayers in all states that tax individual income. Following are the income components of AGI shown by AGI cohort.

	2016					2011					Changes									
(In billions, except percentages)	**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**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other**	**Total AGI**
Less than $1	$ 12	$ 10	$ (31)	$ (140)	**$ (149)**	$ 14	$ 8	$ (41)	$ (123)	**$ (142)**	$ (2)	$ 2	$ 10	$ (17)	**$ (7)**	(14)%	25%	24%	(14)%	**(5)%**
$1-$50K	1,216	8	6	301	**1,531**	1,184	2	4	339	**1,529**	32	6	2	(38)	**2**	3%	300%	50%	(11)%	**—%**
$50,001-$75K	759	8	8	206	**981**	728	3	7	189	**927**	31	5	1	17	**54**	4%	167%	14%	9%	**6%**
$75,001-$100K	679	10	10	195	**894**	635	4	9	182	**830**	44	6	1	13	**64**	7%	150%	11%	7%	**8%**
$100,001-$200K	1,515	39	46	437	**2,037**	1,210	17	37	295	**1,559**	305	22	9	142	**478**	25%	129%	24%	48%	**31%**
$200,001-$500K	873	62	106	214	**1,255**	581	29	77	146	**833**	292	33	29	68	**422**	50%	114%	38%	47%	**51%**
$500,001-$1 million	265	44	91	76	**476**	175	23	62	43	**303**	90	21	29	33	**173**	51%	91%	47%	77%	**57%**
Over $1 million	338	310	261	163	**1,072**	234	181	174	128	**717**	104	129	87	35	**355**	44%	71%	50%	27%	**50%**
Total	$ 5,657	$ 491	$ 497	$ 1,452	**$ 8,097**	$ 4,761	$ 267	$ 329	$ 1,199	**$ 6,556**	$ 896	$ 224	$ 168	$ 253	**$ 1,541**	19%	84%	51%	21%	**24%**

† *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 of $1 or more, most significantly for cohorts with AGI above $100,000, a group which saw its aggregate AGI increase over $1,428 billion or 42%. The largest dollar amount of growth, at an aggregate increase of $478 billion or 31%, was for the cohort with AGI between $100,001 and $200,000, driven primarily by higher wages and salaries. The highest rate of AGI growth, at 57% or $173 billion, was for the cohort with AGI between $500,001 and $1 million, driven primarily by higher wages and salaries. These increases in AGI were offset in part by an aggregate $7 billion or 5% decrease in AGI for the cohort where AGI is less than $1.

AGI by income type

More than 58% of the $1,541 billion increase in AGI in states that tax individual income was driven by higher wages and salaries, which increased $896 billion or 19%. All cohorts with AGI of $1 or more saw wage and salary growth. The largest dollar amount of growth, at an aggregate increase of $305 billion or 25%, was for the cohort between $100,001 and $200,000. The highest rate of wage and salary growth, at an increase of 51% or $90 billion, was for the cohort with AGI between $500,001 and $1 million.

Net capital gains income increased $224 billion or 84%, comprising nearly 15% 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 of growth, at an aggregate increase of $129 billion or 71%, was for the cohort with AGI greater than $1 million. The highest rate of net capital gains growth, at an increase of 300% or $6 billion, was for the cohort with AGI between $1 and $50,000. The average daily closing price of the S&P 500 during the state and local fiscal year (July 1 to June 30) increased 65%, which may have contributed to increases in capital gains.

Partnership and S-Corporation income increased $168 billion or 51%, comprising just over 10% 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 $87 billion or 50%, was for the cohort with AGI greater than $1 million.

Tax rate changes

The increase in state and local individual income tax revenue attributable to tax rate changes is due to both more income in higher tax rate brackets and changes in tax rates. Aggregate AGI for all groups with AGI greater than $100,000 increased 8%, while AGI for all groups with AGI less than $100,000 decreased 8%. There were multiple statutory tax rate changes at the state level during this period. Six states increased their income tax rates. California had the largest rate increase, raising the rate on its highest income bracket by 3.0 percentage points. Seventeen states decreased their income tax rates. Hawaii had the largest rate decrease, lowering the rate on its highest income bracket by 2.8 percentage points.

2011 to 2016 | Payroll tax revenue

The $298 billion increase in payroll tax revenue was driven primarily by a $246 billion or 42% increase in Social Security tax revenues. These increased tax revenues reflect a $134 billion* increase attributable to higher taxable income, driven by a $1,252 billion* or 23%* increase in earnings subject to Social Security taxes.

The remaining $112 billion* increase in Social Security tax revenues is attributable to higher tax rates in 2016, reflecting a temporary reduction of 2 percentage points in the employee share of Social Security tax rate for calendar year 2011. The overall Social Security tax rate (employee and employer combined) was 12.4% in fiscal year 2016 and a lower blended rate in fiscal year 2011, comprising 10.4% in calendar year 2011 and 12.4% in calendar year 2010.

2011 to 2016 | State and local sales and excise taxes

The $95 billion growth in revenue from state and local sales and excise taxes reflects a $72 billion or 24% increase in general sales tax revenues and a $23 billion or 31% increase in selective sales tax revenues.

General sales tax revenues

General sales tax revenues increased due to increased consumption of taxable goods and services, offset in part by a net decrease in unweighted state-level general sales tax rates. Household consumption of most categories of taxable goods and services increased during the period, led by recreation and entertainment (23% increase), food and beverages away from home (29% increase), and technology (18% increase). State-level general sales tax rates decreased in four states by between 0.25 and 1.0 percentage points, offset in part by increases in six states of between 0.2 and 0.5 percentage points.[35] During the periods presented, local governments both increased and decreased their sales tax rates.

Selective sales tax revenues

Selective sales tax revenues increased across nearly every major category, led by a 25% increase in tax revenues from insurance premiums and a 10% increase in tax revenues from motor fuels, offset in part by a 4% decrease in tax revenues from public utilities. The increases in selective sales tax revenues are due to changes in both consumption of the selected goods and services and the related tax rates. Spending on insurance premiums increased 28%[36], unit consumption of motor fuel/oil increased 7%[45], and spending on household utilities/fuels increased 1%. The unweighted average of gas tax rates across all states increased approximately 13% during this period.[35] We are not aware of an aggregated source of data for state and local government tax rates on insurance premiums or public utilities.

2011 to 2016 | Federal corporate income tax revenue

Federal corporate income tax revenues increased $118 billion or 65%. 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 2016 C-Corporation tax data by sector.

2011 to 2016 | State and local earnings on investments[37]

State and local earnings on investments decreased $430 billion or 89% due to decreases in stock market performance, offset in part by a 22% increase in investment balances. Using state and local fiscal year (July 1 to June 30) starting and ending stock prices, there were 88%, 102%, 190%, and 1,175% decreases in the S&P 500, FTSE, DAX, and NIKKEI, respectively. The largest investment balance increases were in corporate stocks (26% increase), foreign and international securities (30%), US Treasury and federal government agency securities (24%), and corporate bonds (10%).

Fiscal year 2016 compared with fiscal year 2006

	2016			2006			Changes [2]					
(In billions, except percentages)	Total	Federal	State and Local [1]	Total	Federal	State and Local [1]	Total	Federal	State and Local [1]	Total	Federal	State and Local [1]
Individual income taxes	**$ 1,922**	$ 1,546	$ 376	**$ 1,313**	$ 1,044	$ 269	**$ 609**	$ 502	$ 107	**46%**	48%	40%
Payroll taxes	**1,133**	1,133	—	**849**	849	—	**284**	284	—	**33%**	33%	—%
Sales and excise taxes	**654**	95	559	**492**	74	418	**162**	21	141	**33%**	28%	34%
Property taxes	**503**	—	503	**365**	—	365	**138**	—	138	**38%**	—%	38%
Corporate income taxes	**354**	300	54	**407**	354	53	**(53)**	(54)	1	**(13)%**	(15)%	2%
Other taxes	**182**	66	116	**168**	61	107	**14**	5	9	**8%**	8%	8%
Tax revenues	**$ 4,748**	$ 3,140	$ 1,608	**$ 3,594**	$ 2,382	$ 1,212	**$ 1,154**	$ 758	$ 396	**32%**	32%	33%
Earnings on investments	**$ 55**	$ —	$ 55	**$ 294**	$ —	$ 294	**$ (239)**	—	(239)	**(81)%**	—%	(81)%
Federal Reserve earnings	**116**	116	—	**30**	30	—	**86**	86	—	**287%**	287%	—%
Sales of government resources	**25**	11	14	**20**	7	13	**5**	4	1	**25%**	57%	8%
Other non-tax revenues	**153**	30	123	**102**	7	95	**51**	23	28	**50%**	329%	29%
Total non-tax revenues	**$ 349**	$ 157	$ 192	**$ 446**	$ 44	$ 402	**$ (97)**	$ 113	$ (210)	**(22)%**	257%	(52)%
Total revenues	**$ 5,097**	$ 3,297	$ 1,800	**$ 4,040**	$ 2,426	$ 1,614	**$ 1,057**	$ 871	$ 186	**26%**	36%	12%
Estimated impact of inflation on total revenues							**$ 773**	$ 464	$ 309	**19%**	19%	19%
Estimated impact of population growth on total revenues							**338**	203	135	**8%**	8%	8%

[1] *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).*

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

2006 to 2016 | Federal individual income tax revenue

The $502 billion federal individual income tax revenue increase can be attributed $310 billion* to higher individual taxable income and $192 billion* to changes in average tax rates.

Income changes*

The $310 billion increase in taxable income reflected an approximately $2,343 billion or 30% increase in aggregate AGI. Following are the income components of AGI shown by AGI cohort.

	2016					2006					Changes									
(In billions, except percentages)	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other [1]	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other [1]	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other [1]	Total AGI	Wages and Salaries	Capital Gains	Partnership and S-Corp	All Other [1]	Total AGI
Less than $1	$ 20	$ 13	$ (44)	$ (191)	**$ (202)**	$ 17	$ 11	$ (31)	$ (88)	**$ (91)**	$ 3	$ 2	$ (13)	$ (103)	**$ (111)**	18%	18%	(42)%	(117)%	**(122)%**
$1-$50K	1,590	8	7	357	**1,962**	1,528	14	4	342	**1,888**	62	(6)	3	15	**74**	4%	(43)%	75%	4%	**4%**
$50,001-$75K	960	9	10	259	**1,238**	915	14	9	213	**1,151**	45	(5)	1	46	**87**	5%	(36)%	11%	22%	**8%**
$75,001-$100K	848	11	13	250	**1,122**	743	18	11	174	**946**	105	(7)	2	76	**176**	14%	(39)%	18%	44%	**19%**
$100,001-$200K	1,911	49	60	521	**2,541**	1,173	62	43	284	**1,562**	738	(13)	17	237	**979**	63%	(21)%	40%	83%	**63%**
$200,001-$500K	1,094	76	132	276	**1,578**	527	96	86	160	**869**	567	(20)	46	116	**709**	108%	(21)%	53%	73%	**82%**
$500,001-$1 million	342	56	118	83	**599**	184	73	71	61	**389**	158	(17)	47	22	**210**	86%	(23)%	66%	36%	**54%**
Over $1 million	426	412	333	213	**1,384**	304	456	227	178	**1,165**	122	(44)	106	35	**219**	40%	(10)%	47%	20%	**19%**
Total	$ 7,191	$ 634	$ 629	$ 1,768	**$ 10,222**	$ 5,391	$ 744	$ 420	$ 1,324	**$ 7,879**	$ 1,800	$ (110)	$ 209	$ 444	**$ 2,343**	33%	(15)%	50%	34%	**30%**

[1] *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 between $100,001 and $500,000, a group which saw its aggregate AGI increase over $1,688 billion or 69%. The cohort with the largest dollar increase in AGI is the one with AGI between $100,001 and $200,000, at an increase of $979 billion or 63%, 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 82% or $709 billion, also driven primarily by higher wages and salaries. These increases in AGI were offset in part by a $111 billion or 122% decrease in AGI for the cohort where AGI is less than $1.

AGI by income type

Over 75% of the $2,343 billion increase in AGI was driven by higher wages and salaries, which increased $1,800 billion or 33%. All AGI cohorts saw wage and salary growth. The largest dollar amount of wage and salary growth, at an aggregate increase of $738 billion or 63%, was for the cohort with AGI between $100,001 and $200,000. The highest rate of growth, at 108% or $567 billion in aggregate, was for the cohort with AGI between $200,001 and $500,000.

Partnership and S-Corporation income increased $209 billion or 50%, comprising under 10% of the overall increase in AGI. More than 75% of the increase was for the top three cohorts, where AGI is above $200,000, which saw an aggregate increase in Partnership and S-Corporation income of $199 billion or 52%. The highest rate of growth, at 66% or $47 billion in aggregate, was for the cohort with AGI between $500,001 and $1 million.

Net capital gains income, comprising less than 5% of the overall change in AGI, decreased $110 billion or 15%. All but one AGI cohort saw a decrease in net capital gains income. The largest dollar amount of decline, at $44 billion or 10%, was for the cohort with AGI over $1 million. The highest rate of decline, at 43% or $6 billion in aggregate, was for the cohort with AGI between $1 and $50,000. These decreases occurred despite the average daily closing price of the S&P 500 increasing 62% between these federal fiscal years (October 1 to September 30).

Tax rate changes

Key changes in statutory federal individual income tax rates during this period were the same as those discussed above under *Fiscal year 2016 compared with fiscal year 2011*.

2006 to 2016 | Payroll tax revenue

The $284 billion increase in payroll tax revenue primarily reflected a $207 billion or 33% increase in Social Security tax revenues, as well as a $70 billion or 39% increase in Medicare tax revenues.

Social Security payroll tax revenues

The $207 billion increase in Social Security tax revenues primarily reflects a $214 billion* increase attributable to higher taxable income, driven by a $1,719 billion* or 35%* increase in earnings subject to Social Security taxes. The overall Social Security tax rate (employee and employer combined) was 12.4% in each year.

Medicare payroll tax revenues

The $70 billion increase in Medicare tax revenues primarily reflects a $63 billion* increase attributable to higher taxable income, driven by a $2,166 billion* or 35%* increase in earnings subject to Medicare taxes.

The overall base Medicare tax rate (employee and employer combined) was 3.9% in each year. Beginning in calendar year 2013, however, individuals paid an additional 0.9% (on top of the base 3.9%) Medicare tax on their wages, compensation, or self-employment income exceeding $200,000 for single filers ($250,000 for married filing jointly, $125,000 for married filing separately).

2006 to 2016 | State and local sales and excise taxes

The $141 billion growth in revenue from sales and excise taxes reflects a $91 billion or 32% increase in general sales tax revenues and a $50 billion or 38% increase in selective sales tax revenues.

General sales tax revenues

General sales tax revenues increased due to increases in both consumption of taxable goods and services and sales tax rates. Consumption of most categories of taxable goods and services increased during the period, led by food and beverages away from home (48% increase), recreation and entertainment (27%), and technology (34%). State-level general sales tax rates in 19 states increased between 0.1 percentage points and 1.3 percentage points, while there were no decreases in any states.[35] During the periods presented, local governments both increased and decreased their sales tax rates.

Selective sales tax revenues

Selective sales tax revenues increased across nearly every major category, led by a 22%, 40%, and 23% increase in tax revenues from motor fuels, insurance premiums, and tobacco products, respectively, offset in part by a 52% decrease in tax revenues from pari mutuel betting (primarily horse and dog racing). These increases in selective sales tax revenues are due to changes in both consumption of the selected goods and services and the related tax rates. Unit consumption of motor fuels increased 1%[45] and spending on insurance premiums increased 51%[36], while unit consumption of tobacco products decreased 21% and spending on pari-mutuels decreased 26%. The unweighted average of gas and tobacco tax rates across all states increased approximately 19% and 57%, respectively, during this period.[35] We are not aware of an aggregated source of data for state and local government tax rates on insurance premiums or pari mutuels.

2006 to 2016 | Property taxes

The $138 billion or 38% growth in revenue from property taxes reflects a 13%** increase in the median home value. In addition, property tax rates increased, including growth of 22% in the aggregate unweighted average of the nominal residential property tax rate for the largest city in each state. Among this group, the nominal residential property tax rate increased in the largest city in 30 states, with a maximum increase of 50% in Columbus, OH, offset in part by decreases in 20 states, with a maximum decrease of 83% in Philadelphia, PA.[35]

2006 to 2016 | State and local earnings on investments[37]

State and local earnings on investments decreased $239 billion or 81%, driven by decreases in stock market performance, offset in part by a 28% increase in investment balances. Using state and local fiscal year (July 1 to June 30) starting and ending stock prices, there were 55%, 102%, 215%, and 219% decreases in the S&P 500, FTSE, DAX, and NIKKEI, respectively. The largest investment balance increases were in foreign and international securities (56% increase), corporate stocks (20%), and miscellaneous investments (89%).

Expenditures by function[38]

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

Fiscal year 2016 compared with fiscal year 2015

(In billions, except percentages)	2016 Total	2016 Federal [1]	2016 State and Local	2015 Total	2015 Federal [1]	2015 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Transfer payments to individuals and subsidies	**$ 2,812**	$ 2,119	$ 693	**$ 2,702**	$ 2,034	$ 668	**$ 110**	$ 85	$ 25	**4%**	4%	4%
Personnel and compensation	**1,574**	564	1,010	**1,526**	550	976	**48**	14	34	**3%**	3%	3%
Payments to others for goods and services	**682**	152	530	**684**	160	524	**(2)**	(8)	6	**—%**	(5)%	1%
Capital expenditures	**497**	146	351	**481**	149	332	**16**	(3)	19	**3%**	(2)%	6%
Net interest paid	**313**	240	73	**295**	223	72	**18**	17	1	**6%**	8%	1%
Other	**(26)**	(26)	—	**(30)**	(30)	—	**4**	4	—	**13%**	13%	—%
Total expenditures	**$ 5,852**	$ 3,195	$ 2,657	**$ 5,658**	$ 3,086	$ 2,572	**$ 194**	$ 109	$ 85	**3%**	4%	3%
Estimated impact of inflation on total expenditures							**$ 53**	$ 29	$ 24	**1%**	1%	1%
Estimated impact of population growth on total expenditures							**42**	23	19	**1%**	1%	1%

[1] *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).*

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

2015 to 2016 | Federal transfer payments to individuals and subsidies

The $85 billion increase in federal transfer payments to individuals and subsidies reflects increases across all major programs except SNAP. The most significant changes are discussed below.

Medicare

Medicare payments (net of premiums received) increased $55 billion or 9%, reflecting a 1.5 million* person or 3%* increase in Medicare enrollees, and a 2%* increase in average costs per beneficiary (net of premiums received). Medicare premiums received increased $6 billion or 8% 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 (including prescription and over-the-counter-drugs and other medical equipment and supplies) and medical services inflating 3% and 4%, respectively.

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

Social Security payments increased $28 billion or 4%, driven by:

- a 0.9 million person or 2% increase in the number of OASDI recipients, including an increase of 1.1 million recipients or 2% for Old Age and Survivor Insurance (OASI), offset in part by a decrease of 0.2 million recipients or 2% for Disability Insurance (DI); and
- a 1% increase in the average monthly benefit payment, including increases of $19 or 2% for OASI and $10 or 1% for DI. OASDI benefit payments are indexed for inflation.

The average OASI recipient age remained 71 during these periods.

2015 to 2016 | State and local transfer payments to individuals and subsidies

The $25 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by an $18 billion or 3% increase in Medicaid and CHIP payments. This increase reflects:

- a 2.3 million or 3% growth in person-year equivalent enrollment, driven by a 2.1 million or 23% increase in enrollees recently eligible for Medicaid through the Affordable Care Act legislated Medicaid expansion; and
- a $36 increase in annual per enrollee spending, driven by a $602 or 3% increase in per enrollee spending for the disabled, the most expensive group served, offset in part by a $400 or 6% decrease in per enrollee spending for the expansion adult group, or recently eligible adults, who began receiving benefits in 2014.

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.

2015 to 2016 | State and local personnel and compensation

The $34 billion increase in state and local personnel and compensation payments comprised growth of $21 billion or 3% in compensation for current employees and $13 billion or 4% in compensation for former employees.

Current employees**

The 3% increase in compensation for current employees was driven by a 2% or $0.69 per hour increase in compensation (excluding pension), including 2% growth in wages and salaries and 3% 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 1% increase in full-time equivalent non-education employees.

Compensation for current employees excludes pension contributions for current employees. We count the pension contributions as expenditures when paid out to the retired employees and therefore include them in compensation for former employees below. Pension contributions made on behalf of current employees grew 7% during this period.

Former employees

The 4% increase in compensation for former employees was driven by a 3% increase in the number of retirees receiving periodic benefits and a 2% increase in the average benefit payment per recipient. The increase in number of retirees receiving benefits may be driven in part by our aging population; our population aged 65 years and older grew by 3% during this period.

Fiscal year 2016 compared with fiscal year 2011

	2016			2011			Changes [2]					
(In billions, except percentages)	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local
Transfer payments to individuals and subsidies	**$ 2,812**	$ 2,119	$ 693	**$ 2,357**	$ 1,829	$ 528	**$ 455**	$ 290	$ 165	**19%**	16%	31%
Personnel and compensation	**1,574**	564	1,010	**1,413**	537	876	**161**	27	134	**11%**	5%	15%
Payments to others for goods and services	**682**	152	530	**732**	235	497	**(50)**	(83)	33	**(7)%**	(35)%	7%
Capital expenditures	**497**	146	351	**527**	191	336	**(30)**	(45)	15	**(6)%**	(24)%	4%
Net interest paid	**313**	240	73	**297**	230	67	**16**	10	6	**5%**	4%	9%
Other	**(26)**	(26)	—	**(31)**	(31)	—	**5**	5	—	**16%**	16%	—%
Total expenditures	**$ 5,852**	$ 3,195	$ 2,657	**$ 5,295**	$ 2,991	$ 2,304	**$ 557**	$ 204	$ 353	**11%**	7%	15%
Estimated impact of inflation on total expenditures							**$ 377**	$ 213	$ 164	**7%**	7%	7%
Estimated impact of population growth on total expenditures							**200**	113	87	**4%**	4%	4%

[1] *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).*

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

2011 to 2016 | Federal transfer payments to individuals and subsidies

The $290 billion increase in transfer payments to individuals and subsidies reflects increases across all major programs except unemployment insurance and SNAP. The most significant changes are discussed below.

Social Security

Social Security payments increased $186 billion or 26%, driven by:

- a 5.7 million person or 10% increase in the number of OASDI recipients, including increases of 5.4 million recipients or 12% for OASI and 0.3 million recipients or 3% for DI; and
- a 13% increase in the average monthly benefit payment, including increases of $165 or 15% for OASI and $101 or 11% for DI.

The average OASI recipient age remained 71 during these periods.

Medicare

Medicare payments (net of premiums received) increased $129 billion or 24%, driven by an 8.1 million* person or 17%* increase in Medicare enrollees and a 7%* increase in average costs per beneficiary (net of premiums received). Medicare premiums received increased $18 billion or 28% 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 16%, with prices of medical commodities inflating 13% and medical services inflating 17%.

2011 to 2016 | State and local transfer payments to individuals and subsidies

The $165 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a $146 billion or 38% increase in Medicaid and CHIP payments. This increase reflects:

- 15.5 million or 27% growth in person-year equivalent enrollment, including growth of 1.5 million adults (11% growth), 0.9 million disabled enrollees (9% growth), and 11.2 million enrollees newly eligible for Medicaid through the Affordable Care Act; and
- a $1,047 or 15% increase in annual per enrollee spending, driven by a $1,796 or 10% increase in per enrollee spending for the disabled, the most expensive group served, offset in part by a $1,231 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 2016 compared with fiscal year 2006

	2016			2006			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Transfer payments to individuals and subsidies	**$ 2,812**	$ 2,119	$ 693	**$ 1,627**	$ 1,221	$ 406	**$ 1,185**	$ 898	$ 287	**73%**	74%	71%
Personnel and compensation	**1,574**	564	1,010	**1,168**	432	736	**406**	132	274	**35%**	31%	37%
Payments to others for goods and services	**682**	152	530	**612**	233	379	**70**	(81)	151	**11%**	(35)%	40%
Capital expenditures	**497**	146	351	**435**	126	309	**62**	20	42	**14%**	16%	14%
Net interest paid	**313**	240	73	**252**	227	25	**61**	13	48	**24%**	6%	192%
Other	**(26)**	(26)	—	**(12)**	(12)	—	**(14)**	(14)	—	**(117)%**	(117)%	—%
Total expenditures	**$ 5,852**	$ 3,195	$ 2,657	**$ 4,082**	$ 2,227	$ 1,855	**$ 1,770**	$ 968	$ 802	**43%**	43%	43%
Estimated impact of inflation on total expenditures							**$ 781**	$ 426	$ 355	**19%**	19%	19%
Estimated impact of population growth on total expenditures							**343**	187	156	**8%**	8%	8%

[1] *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).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

2006 to 2016 | Federal transfer payments to individuals and subsidies

The $898 billion increase in federal transfer payments to individuals and subsidies reflects increases across all major programs. The most significant changes are discussed below.

Social Security

Social Security payments increased $360 billion or 66%, driven by:

- an 11.6 million person or 24% increase in the number of OASDI recipients, including increases of 9.4 million recipients or 23% for OASI and 2.2 million recipients or 26% for DI; and
- a 33% increase in the average monthly benefit payment, including increases of $344 or 37% for OASI and $232 or 29% for DI.

The average OASI recipient age remained 71 during these periods.

Medicare

Medicare payments (net of premiums received) increased $305 billion or 82%, reflecting a 13.5 million* person or 31%* increase in Medicare enrollees combined with a 33%* increase in average cost per beneficiary (net of premiums received). Medicare premiums received increased $36 billion or 80% during this period.

Our population aged 65 years and older (one eligibility requirement for Medicare) grew by 33% during this period. General medical care cost inflation was 38%, with prices of medical commodities inflating 28% and medical services inflating 41%.

Veterans benefits

Veterans benefits payments increased $95 billion or 134%, despite a 15% decline in the number of veterans. This growth in expenditures reflects a $49 billion or 158% increase in veterans compensation payments made to veterans and their beneficiaries for service-connected disability and death, a $33 billion or 105% increase in payments for hospital and medical care for veterans, and an $11 billion or 335% increase in veteran education benefits expenditures.

The 158% increase in compensation payments was driven primarily by a 60% and 22% increase in the number of disability compensation and death benefits recipients, respectively, along with 58% and 20% increases in the average annual disability compensation and surviving beneficiary benefits payments, respectively. 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 overall increase in compensation payments reflects changes in underlying veteran demographics; there was a 194% increase in veteran/beneficiary claimants who served in the Gulf War Era, partially offset by a 74% decrease in veteran/beneficiary claimants who served in World War II.

The 105% increase in payments for hospital and medical care for veterans was driven by a $28 billion or 119% increase in medical services expenditures and a $3 billion or 100% increase in Veteran's Choice expenditures, which are expenditures for improving veterans' access to healthcare by allowing eligible veterans who meet certain wait-time or distance standards to use eligible healthcare providers outside the US Department of Veterans Affairs (VA) system. The number of patients who received care at a Veterans Health Administration Facility is not available for 2006. However, as a proxy for change in the past decade, there was a 15% increase in the number of patients who received care at a Veterans Health Administration facility when comparing 2016 to 2007. General medical care cost inflation was 38% when comparing 2006 to 2016, with prices of medical commodities inflating 28% and medical services inflating 41%.

The 335% increase in veteran readjustment benefit expenditures was primarily driven by increases to education-related benefits and vocational rehabilitation and employment (VR&E) benefits. The change in education-related benefits was primarily driven by a 101% and 133% increase in the number of veterans receiving educational program benefits and the average benefit payment per beneficiary, respectively. These increases were driven by the Post-9/11 GI Bill, through which additional educational benefits became available August 1, 2009. The change in VR&E benefits, directed at veterans who are unable to gain or secure employment due to their service-connected disabilities, was primarily driven by a 159% increase in the number of veterans participating.

2006 to 2016 | State and local transfer payments to individuals and subsidies

The $287 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a $246 billion or 85% increase in Medicaid and CHIP payments. This increase reflects:

- 25.5 million or 54% growth in person-year equivalent enrollment, including growth of 5.5 million children (24% growth), 4.8 million adults (46% growth), and 11.2 million enrollees newly eligible for Medicaid through the Affordable Care Act; and
- a $1,654 or 26% increase in per enrollee spending per year, driven by a $4,874 or 33% increase in per enrollee spending for the disabled, the most expensive group served, as well as a $1,276 or 56% increase in per enrollee spending for children, the most populous 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.

2006 to 2016 | State and local personnel and compensation

The $274 billion increase in state and local personnel and compensation payments comprised growth of $145 billion or 26% in compensation for current employees and $129 billion or 74% in compensation for former employees.

Current employees

The 26% increase in compensation for current employees was driven by an 18%** or $6.10** per hour increase in compensation (excluding pension), including 15%** growth in wages and salaries and 35%** 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 education employees.

Compensation for current employees excludes pension contributions for current employees. We count the pension contributions as expenditures when paid out to the retired employees and therefore include them in compensation for former employees below. Pension contributions made on behalf of current employees grew 88%** during this period, primarily related to defined benefit plans, which made up 92% of the total pension contributions in 2016 and increased 94% during the period.

Former employees

The 74% increase in compensation for former employees was driven by a 41% increase in the number of retirees receiving periodic benefits and a 32% increase in the average benefit payment per recipient. The increase in number of retirees receiving benefits may be driven in part by our aging population; our population aged 65 years and older grew by 33% during this period.

Expenditures by segment[38]

	2016			2015			Changes					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Justice and Domestic Tranquility	**$ 425**	$ 48	$ 377	**$ 406**	$ 45	$ 361	**$ 19**	$ 3	$ 16	**5%**	7%	4%
Common Defense	**828**	827	1	**811**	810	1	**17**	17	—	**2%**	2%	—%
General Welfare	**1,358**	442	916	**1,327**	441	886	**31**	1	30	**2%**	—%	3%
Blessings of Liberty	**3,097**	1,886	1,211	**2,972**	1,803	1,169	**125**	83	42	**4%**	5%	4%
General government support and other	**144**	(8)	152	**142**	(13)	155	**2**	5	(3)	**1%**	(38)%	(2)%
Total expenditures	**$ 5,852**	$ 3,195	$ 2,657	**$ 5,658**	$ 3,086	$ 2,572	**$ 194**	$ 109	$ 85	**3%**	4%	3%
Estimated impact of inflation on total expenditures							**$ 53**	$ 29	$ 24	**1%**	1%	1%
Estimated impact of population growth on total expenditures							**42**	23	19	**1%**	1%	1%

	2016			2011			Changes					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Justice and Domestic Tranquility	**$ 425**	$ 48	$ 377	**$ 380**	$ 43	$ 337	**$ 45**	$ 5	$ 40	**12%**	12%	12%
Common Defense	**828**	827	1	**893**	892	1	**(65)**	(65)	—	**(7)%**	(7)%	—%
General Welfare	**1,358**	442	916	**1,245**	492	753	**113**	(50)	163	**9%**	(10)%	22%
Blessings of Liberty	**3,097**	1,886	1,211	**2,633**	1,575	1,058	**464**	311	153	**18%**	20%	14%
General government support and other	**144**	(8)	152	**144**	(11)	155	**—**	3	(3)	**—%**	(27)%	(2)%
Total expenditures	**$ 5,852**	$ 3,195	$ 2,657	**$ 5,295**	$ 2,991	$ 2,304	**$ 557**	$ 204	$ 353	**11%**	7%	15%
Estimated impact of inflation on total expenditures							**$ 377**	$ 213	$ 164	**7%**	7%	7%
Estimated impact of population growth on total expenditures							**200**	113	87	**4%**	4%	4%

	2016			2006			Changes					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Justice and Domestic Tranquility	**$ 425**	$ 48	$ 377	**$ 353**	$ 63	$ 290	**$ 72**	$ (15)	$ 87	**20%**	(24)%	30%
Common Defense	**828**	827	1	**629**	628	1	**199**	199	—	**32%**	32%	—%
General Welfare	**1,358**	442	916	**854**	272	582	**504**	170	334	**59%**	63%	57%
Blessings of Liberty	**3,097**	1,886	1,211	**2,109**	1,261	848	**988**	625	363	**47%**	50%	43%
General government support and other	**144**	(8)	152	**137**	3	134	**7**	(11)	18	**5%**	(367)%	13%
Total expenditures	**$ 5,852**	$ 3,195	$ 2,657	**$ 4,082**	$ 2,227	$ 1,855	**$ 1,770**	$ 968	$ 802	**43%**	43%	43%
Estimated impact of inflation on total expenditures							**$ 781**	$ 426	$ 355	**19%**	19%	19%
Estimated impact of population growth on total expenditures							**343**	187	156	**8%**	8%	8%

[1] *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 (slightly more than 65%) of this segment's expenditures comprises state and local government crime and disaster expenditures, of which more than 65% are 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 2016 compared with fiscal year 2015

(In billions, except percentages)	2016 Total	2016 Federal [1]	2016 State and Local	2015 Total	2015 Federal [1]	2015 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Crime and disaster	**$ 321**	$ 40	$ 281	**$ 309**	$ 38	$ 271	**$ 12**	$ 2	$ 10	**4%**	5%	4%
Child safety and miscellaneous social services	**82**	1	81	**76**	—	76	**6**	1	5	**8%**	—%	7%
Safeguarding consumers and employees	**22**	7	15	**21**	7	14	**1**	—	1	**5%**	—%	7%
Total Justice and Domestic Tranquility	**$ 425**	$ 48	$ 377	**$ 406**	$ 45	$ 361	**$ 19**	$ 3	$ 16	**5%**	7%	4%
As a percentage of total expenditures	**7%**	2%	14%	**7%**	1%	14%						
Estimated impact of inflation on segment expenditures							**$ 3**	$ —	$ 3	**1%**	1%	1%
Estimated impact of population growth on segment expenditures							**3**	—	3	**1%**	1%	1%

[1] *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).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Crime and disaster

The $10 billion increase in state and local crime and disaster expenditures was driven primarily by a $5 billion or 4% increase in law enforcement and corrections costs and a $2 billion or 4% increase in fire protection costs.

The $5 billion increase in law enforcement and corrections costs was driven mainly by a $4 billion or 4% increase in police protection operations costs. Annualized gross payroll costs (including wages and healthcare costs, excluding pension benefits) for state and local police protection employees grew $2 billion or 3% during this period, while the change in the number of state and local police protection employees was negligible. During this period, the violent crime rate increased 3%, while the property crime rate decreased 2%, and arrests for violent crimes increased 2%, while arrests for property crimes decreased 8%.

The $2 billion increase in fire protection costs reflects a $913 million or 4% increase in annualized gross payroll costs (including wages and healthcare costs, excluding pension benefits) for state and local fire protection employees, while the change in the number of state and local fire protection employees was negligible. Fire incidents remained flat during this period.

Child safety and miscellaneous social services

The $5 billion increase in state and local child safety and miscellaneous social services expenditures was due to a $5 billion or 7% 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 2016 compared with fiscal year 2011

(In billions, except percentages)	2016 Total	2016 Federal [1]	2016 State and Local	2011 Total	2011 Federal [1]	2011 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Crime and disaster	**$ 321**	$ 40	$ 281	**$ 291**	$ 37	$ 254	**$ 30**	$ 3	$ 27	**10%**	8%	11%
Child safety and miscellaneous social services	**82**	1	81	**70**	1	69	**12**	—	12	**17%**	—%	17%
Safeguarding consumers and employees	**22**	7	15	**19**	5	14	**3**	2	1	**16%**	40%	7%
Total Justice and Domestic Tranquility	**$ 425**	$ 48	$ 377	**$ 380**	$ 43	$ 337	**$ 45**	$ 5	$ 40	**12%**	12%	12%
As a percentage of total expenditures	**7%**	2%	14%	**7%**	1%	15%						
Estimated impact of inflation on segment expenditures							**$ 34**	$ 3	$ 24	**7%**	7%	7%
Estimated impact of population growth on segment expenditures							**15**	2	13	**4%**	4%	4%

[1] *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).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Crime and disaster

The $27 billion increase in state and local crime and disaster expenditures was driven primarily by a $17 billion or 10% increase in law enforcement and corrections costs, reflecting a $12 billion or 13% increase in law enforcement expenditures and a $5 billion or 7% increase in corrections expenditures, as well as by a $6 billion or 15% increase in fire protection costs.

The $12 billion increase in law enforcement expenditures was driven mainly by a $13 billion or 14% increase in police protection operations costs. Annualized gross payroll costs (including wages and healthcare costs, excluding pension benefits) for state and local police protection employees grew $4 billion or 7% during this period, while the number of state and local police protection employees declined 3%. The violent crime rate remained flat during this period, while the property crime rate decreased 16%. Arrests for violent and property crimes decreased 4% and 17%, respectively.

The $5 billion increase in corrections expenditures comprised mainly a $6 billion or 10% increase in correctional operations costs. Annualized gross payroll costs (including wages and healthcare costs, excluding pension benefits) for state and local corrections employees grew $3 billion or 8% during this period, while the number of correctional employees decreased 3%. Comparing these years, there was a 5% decrease in the number of people incarcerated in state prisons, partially offset by a 1% increase in the number of people incarcerated in local jails.

The $6 billion increase in fire protection costs reflects an increase of $3 billion or 12% in annualized gross payroll costs (including wages and healthcare costs, excluding pension benefits) for state and local fire protection employees, in part due to a 6% increase in the number of state and local fire protection employees. Fire incidents during this period decreased 3%.

Child safety and miscellaneous social services

The $12 billion increase in state and local child safety and miscellaneous social services expenditures was due to a $12 billion or 17% increase in the costs of public welfare operations.

Fiscal year 2016 compared with fiscal year 2006

	2016			2006			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Crime and disaster	**$ 321**	$ 40	$ 281	**$ 271**	$ 60	$211	**$ 50**	$ (20)	$ 70	**18%**	(33)%	33%
Child safety and miscellaneous social services	**82**	1	81	**65**	—	65	**17**	1	16	**26%**	—%	25%
Safeguarding consumers and employees	**22**	7	15	**17**	3	14	**5**	4	1	**29%**	133%	7%
Total Justice and Domestic Tranquility	**$ 425**	$ 48	$ 377	**$ 353**	$ 63	$290	**$ 72**	$ (15)	$ 87	**20%**	(24)%	30%
As a percentage of total expenditures	**7%**	2%	14%	**9%**	3%	16%						
Estimated impact of inflation on segment expenditures							**$ 70**	$ 8	$ 62	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**25**	3	22	**8%**	8%	8%

[1] *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).*

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

Crime and disaster

The $70 billion increase in state and local crime and disaster expenditures was driven primarily by a $46 billion or 33% increase in costs of law enforcement and corrections, reflecting a $31 billion or 39% increase in law enforcement expenditures and a $15 billion or 25% increase in corrections expenditures, as well as by a $14 billion or 42% increase in fire protection costs.

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 (including wages and healthcare costs, excluding pension benefits) for state and local police protection employees grew $15 billion or 29% during this period, while the number of state and local police protection employees decreased 2%. During this period, property and violent crime rates decreased 27% and 19%, respectively, while arrests for property and violent crimes decreased 12% and 16%, respectively.

The $15 billion increase in corrections expenditures comprised mainly a $17 billion or 38% increase in correctional operations costs. Annualized gross payroll costs (including wages and healthcare costs, excluding pension benefits) for state and local corrections employees grew $8 billion or 24% during this period, while the number of correctional employees decreased 2%. Comparing these years, there was a 3% and 4% decrease in the number of people incarcerated in local jails and state prisons, respectively.

The $14 billion increase in fire protection costs reflects an increase of $7 billion or 35% in annualized gross payroll costs (including wages and healthcare costs, excluding pension benefits) for state and local fire protection employees, while the number of state and local fire protection employees decreased 7%. Fire incidents decreased 18% during this period.

Child safety and miscellaneous social services

The $16 billion increase in state and local child safety and miscellaneous social services expenditures was due to a $16 billion or 26% increase in the costs of public welfare operations.

Common Defense

This segment's expenditures currently comprise 14% of the overall Government budget. Slightly more than 70% of this segment's expenditures are costs of national defense, while most of the rest (slightly more than 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 2016 compared with fiscal year 2015

	2016			2015			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
National defense	**$ 594**	$ 594	$ —	**$ 590**	$ 590	$ —	**$ 4**	$ 4	$ —	**1%**	1%	—%
Support for veterans	**174**	173	1	**159**	158	1	**15**	15	—	**9%**	9%	—%
Foreign affairs and foreign aid	**45**	45	—	**49**	49	—	**(4)**	(4)	—	**(8)%**	(8)%	—%
Immigration and border security	**15**	15	—	**13**	13	—	**2**	2	—	**15%**	15%	—%
Total Common Defense	**$ 828**	$ 827	$ 1	**$ 811**	$ 810	$ 1	**$ 17**	$ 17	—	**2%**	2%	—%
As a percentage of total expenditures	**14%**	14%	—%	**14%**	14%	—%						
Estimated impact of inflation on segment expenditures							**$ 8**	$ 8	—	**1%**	1%	1%
Estimated impact of population growth on segment expenditures							**6**	6	—	**1%**	1%	1%

[1] *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).*

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

Support for veterans

The $15 billion increase in support for veterans expenditures was driven primarily by a $10 billion or 14% increase in pension and disability benefits expenditures and a $3 billion or 6% increase in veterans medical care costs, despite a 6% decline in the number of veterans.

The 14% increase in pension and disability benefits expenditures was driven primarily by a $10 billion or 15% increase of veteran compensation payments. This increase reflects a 5% and 2% increase in the number of disability compensation and death benefits recipients, respectively, along with a 3% increase and negligible change in the average annual disability compensation and surviving beneficiary benefits payments, respectively. The overall increase in compensation payments reflects changes in underlying veteran demographics; there was a 9% increase in veteran/beneficiary claimants who served in the Gulf War Era, partially offset by a 17% decrease in veteran/beneficiary claimants who served in World War II.

The 6% increase in veterans medical care costs was driven primarily by a $2 billion or 4% increase in medical services expenditures and a $1 billion or 104% increase in Veteran's Choice expenditures, which are expenditures for improving veterans' access to healthcare by allowing eligible veterans who meet certain wait-time or distance standards to use eligible healthcare providers outside the VA system. The increase in veterans' medical services expenditures was driven by increased employee compensation and benefits for medical personnel. There was a 1% increase in the number of patients who received care at a Veterans Health Administration facility in 2016.

Fiscal year 2016 compared with fiscal year 2011

(In billions, except percentages)	2016 Total	2016 Federal [1]	2016 State and Local	2011 Total	2011 Federal [1]	2011 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
National defense	**$ 594**	$ 594	$ —	**$ 706**	$ 706	$ —	**$ (112)**	$ (112)	$ —	**(16)%**	(16)%	—%
Support for veterans	**174**	173	1	**127**	126	1	**47**	47	—	**37%**	37%	—%
Foreign affairs and foreign aid	**45**	45	—	**45**	45	—	**—**	—	—	**—%**	—%	—%
Immigration and border security	**15**	15	—	**15**	15	—	**—**	—	—	**—%**	—%	—%
Total Common Defense	**$ 828**	$ 827	$ 1	**$ 893**	$ 892	$ 1	**$ (65)**	$ (65)	$ —	**(7)%**	(7)%	—%
As a percentage of total expenditures	**14%**	14%	—%	**15%**	15%	—%						
Estimated impact of inflation on segment expenditures							**$ 63**	$ 63	$ —	**7%**	7%	7%
Estimated impact of population growth on segment expenditures							**34**	34	—	**4%**	4%	4%

[1] *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).*

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

National defense

The $112 billion decrease in national defense expenditures reflected:

- a $43 billion or 31% decline in Army and Air Force operation and maintenance expenditures, which fund the training, supply, and equipment maintenance of military units as well as the infrastructure of military bases;
- a $24 billion or 45% decline in military procurement expenditures, mostly for the Army and for the procurement of items other than aircraft, missiles, ammunition, weapons, or tracked combat vehicles;
- a $10 billion or 19% decline military personnel expenditures, mostly for the Army and primarily salaries and wages;
- a $10 billion or 13% decline in research and development expenditures across all military branches; and
- a $7 billion or 100% decline in expenditures related to the completion of the *Defense Base Closure and Realignment Act of 2005*.

Comparing these years, there were decreases of 9% and 4% in the number of active duty military personnel and civilian military personnel, respectively, as well as decreases of 8% and 15% in the number of DOD buildings and structures, respectively.

Support for veterans

The $47 billion increase in support for veterans expenditures was driven primarily by a $28 billion or 48% increase in pension and disability benefits expenditures and a $15 billion or 30% increase in veterans medical care costs, despite an 8% decline in the number of veterans.

The 48% increase in pension and disability benefits expenditures was driven primarily by a $27 billion or 51% increase in veteran compensation payments. This increase primarily reflects a 1 million or 30% increase in the number of disability compensation recipients, and a $3,118 or 27% increase in the average annual disability compensation payment. There was also a 44 thousand or 12% increase in the number of surviving beneficiary compensation recipients, and a $1,292 or 9% increase in the average annual surviving beneficiary compensation payment. The overall increase in compensation payments reflects changes in underlying veteran demographics; there was a 69% increase in veteran/beneficiary claimants who served in the Gulf War Era, partially offset by a 56% decrease in veteran/beneficiary claimants who served in World War II.

The 30% increase in veterans medical care costs was driven primarily by a $13 billion or 32% increase in medical services expenditures and a $3 billion or 100% increase in Veteran's Choice expenditures, which are expenditures for improving veterans' access to healthcare by allowing eligible veterans who meet certain wait-time or distance standards to use eligible healthcare providers outside the VA system. There was a 10% increase in the number of patients who received care at a Veterans Health Administration facility during this period.

Fiscal year 2016 compared with fiscal year 2006

(In billions, except percentages)	2016 Total	2016 Federal [1]	2016 State and Local	2006 Total	2006 Federal [1]	2006 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
National defense	**$ 594**	$ 594	$ —	**$ 521**	$ 521	$ —	**$ 73**	$ 73	$ —	**14%**	14%	—%
Support for veterans	**174**	173	1	**70**	69	1	**104**	104	—	**149%**	151%	—%
Foreign affairs and foreign aid	**45**	45	—	**30**	30	—	**15**	15	—	**50%**	50%	—%
Immigration and border security	**15**	15	—	**8**	8	—	**7**	7	—	**88%**	88%	—%
Total Common Defense	**$ 828**	$ 827	$ 1	**$ 629**	$ 628	$ 1	**$ 199**	$ 199	$ —	**32%**	32%	—%
As a percentage of total expenditures	**14%**	14%	—%	**11%**	11%	—%						
Estimated impact of inflation on segment expenditures							**$ 120**	$ 120	$ —	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**53**	53	—	**8%**	8%	8%

[1] *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).*

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

National defense

The $73 billion increase in national defense expenditures reflects:

- a $34 billion or 36% increase in defense-wide, Navy, and Air Force operation and maintenance expenditures, offset in part by a $11 billion or 21% decrease in operation and maintenance expenditures for the Army;
- a $15 billion or 15% increase in military personnel expenditures across all military branches;
- a $12 billion or 58% 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, reflecting, in part, a 38% inflation of medical costs; and
- an $8 billion or 11% increase in military procurement expenditures, primarily for aircraft procurement and other procurement, across all military branches, with the largest increases at $9 billion for Navy and $5 billion for the Air Force, partially offset by a $5 billion decrease for the Army.

Comparing these years, there was a 6% decrease in the number of active duty military personnel and a 9% increase in the number of civilian military personnel, as well as decreases of 20% and 3% in the number of DOD buildings and structures, respectively.

Support for veterans

The $104 billion increase in support for veterans expenditures was driven primarily by a $95 billion increase in benefits payments, as discussed above under *Expenditures by function, 2006 to 2016 / 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 just over 70% of this segment's expenditures. Nearly 65% 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 2016 compared with fiscal year 2015

(In billions, except percentages)	2016 Total	2016 Federal [1]	2016 State and Local	2015 Total	2015 Federal [1]	2015 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Economy and infrastructure	**$ 243**	$ 59	$ 184	**$ 237**	$ 57	$ 180	**$ 6**	$ 2	$ 4	**3%**	4%	2%
Standard of living and aid to the disadvantaged	**962**	337	625	**943**	337	606	**19**	—	19	**2%**	—%	3%
Health (excluding Medicaid and Medicare)	**153**	46	107	**147**	47	100	**6**	(1)	7	**4%**	(2)%	7%
Total General Welfare	**$1,358**	$ 442	$ 916	**$1,327**	$ 441	$ 886	**$ 31**	$ 1	$ 30	**2%**	—%	3%
As a percentage of total expenditures	**23%**	8%	16%	**23%**	8%	15%						
Estimated impact of inflation on segment expenditures							**$ 12**	$ 4	$ 8	**1%**	1%	1%
Estimated impact of population growth on segment expenditures							**10**	3	7	**1%**	1%	1%

[1] *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).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

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 $19 billion due mainly to an $18 billion or 3% increase in Medicaid and CHIP benefits payments, as discussed within *Expenditures by function, 2015 to 2016 / State and local transfer payments to individuals and subsidies* above.

State and local health expenditures

State and local health expenditures increased $7 billion due mainly to a $12 billion or 8% increase in hospital operations and a $4 billion or 4% increase in public health operations, partially offset by a $10 billion or 6% increase in receipts from patients, private insurance companies, and public insurance programs. Hospital costs inflated 4% during this time period, while the number of patient discharges from public hospitals remained consistent.

Fiscal year 2016 compared with fiscal year 2011

(In billions, except percentages)	2016 Total	2016 Federal [1]	2016 State and Local	2011 Total	2011 Federal [1]	2011 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Economy and infrastructure	**$ 243**	$ 59	$ 184	**$ 204**	$ 36	$ 168	**$ 39**	$ 23	$ 16	**19%**	64%	10%
Standard of living and aid to the disadvantaged	**962**	337	625	**891**	403	488	**71**	(66)	137	**8%**	(16)%	28%
Health (excluding Medicaid and Medicare)	**153**	46	107	**150**	53	97	**3**	(7)	10	**2%**	(13)%	10%
Total General Welfare	**$1,358**	$ 442	$ 916	**$1,245**	$ 492	$ 753	**$113**	$ (50)	$ 163	**9%**	(10)%	22%
As a percentage of total expenditures	**23%**	8%	16%	**21%**	8%	13%						
Estimated impact of inflation on segment expenditures							**$ 89**	$ 35	$ 54	**7%**	7%	7%
Estimated impact of population growth on segment expenditures							**47**	19	28	**4%**	4%	4%

[1] *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).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Federal economy and infrastructure expenditures

The $23 billion increase in federal economy and infrastructure expenditures was driven by a $35 billion or 73% increase in banking and financing expenditures, offset in part by a $6 billion or 73% decrease in general commerce expenditures.

The 73% increase in banking and financing expenditures reflects credits related to the TARP program in 2011 that did not recur in 2016. In 2011, there were $21 billion in TARP program costs, more than offset by $60 billion in TARP program credits that reflected changes in actual and anticipated future program performance, resulting in a net negative $39 billion in TARP program costs for that year.

The 73% decrease in general commerce expenditures reflects decreased Small Business Administration (SBA) loans costs, primarily relating to the 7(a) Loans program (loans up to $5 million to fund startup costs, buy equipment, fund working capital, etc.), Microloans program (loans up to $50,000 to help small business and certain not-for-profit childcare centers start up and expand), and the 504 Loans program (variable loan amounts restricted to purchasing land, buildings, equipment, and

improvements, or to build new facilities or modernize, renovate or convert existing facilities). Delinquency rates (borrowers who are late on their payments) are a leading indicator of the SBA's charge-off rate and impact the agency's future liability for the loans it guarantees. Delinquency rates for the 7(a) Loans program declined from the peak 3.8% recorded during January 2009 to 0.7% recorded during July 2016. Delinquency rates for the 504 Loans program likewise declined from a 5% peak recorded during February 2010 to 0.8% recorded during July 2016.

Federal standard of living and aid to the disadvantaged expenditures

The $66 billion decrease in federal standard of living and aid to the disadvantaged expenditures was driven by an $83 billion or 71% decrease in unemployment insurance payments, offset in part by $28 billion of newly available refundable tax credits paid to families and individuals to assist them in purchasing health insurance (the Premium Tax Credit).

The $83 billion decrease in unemployment insurance payments was driven by a 76%* decrease in the total number of weeks of unemployment claims as the economy recovered from the Great Recession.

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

The $137 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven by a $146 billion or 38% increase in Medicaid and CHIP payments, as discussed within *Expenditures by function, 2011 to 2016 / State and local transfer payments to individuals and subsidies* above.

Fiscal year 2016 compared with fiscal year 2006

	2016			2006			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Economy and infrastructure	**$ 243**	$ 59	$ 184	**$ 199**	$ 56	$ 143	**$ 44**	$ 3	$ 41	**22%**	5%	29%
Standard of living and aid to the disadvantaged	**962**	337	625	**543**	180	363	**419**	157	262	**77%**	87%	72%
Health (excluding Medicaid and Medicare)	**153**	46	107	**112**	36	76	**41**	10	31	**37%**	28%	41%
Total General Welfare	**$1,358**	$ 442	$ 916	**$ 854**	$ 272	$ 582	**$ 504**	$ 170	$ 334	**59%**	63%	57%
As a percentage of total expenditures	**23%**	8%	16%	**15%**	5%	10%						
Estimated impact of inflation on segment expenditures							**$ 163**	$ 52	$ 111	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**72**	23	49	**8%**	8%	8%

[1] *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).*

[2] *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 $157 billion increase in federal standard of living and aid to the disadvantaged expenditures was driven by many items. The items that each increased $15 billion or more were:

- a $37 billion or 122% increase in food and nutritional assistance (SNAP) payments;
- $28 billion of newly available refundable tax credits paid to families and individuals to assist them in purchasing health insurance (the Premium Tax Credit);
- a $24 billion or 68% increase in refundable Earned Income Tax Credits, reflecting a 20%* increase in the number of tax returns with qualifying tax credits claimed and a $527* or 28%* increase in the average amount of each tax credit, driven primarily by the ARRA;
- a $23 billion or 58% increase in Supplemental Security Income (SSI) payments, reflecting a 16%* increase in the number of recipients and a $1,368* or 31%* increase in the average annual payment per recipient; and
- a $15 billion or 104% increase in Pell grants, reflecting a 48% increase in the number of Pell grant recipients and a 51% or $1,256 increase in the average grant per recipient, driven primarily by the ARRA.

The 122% increase in SNAP payments reflects a 67% increase in the average monthly number of participants and a 32% increase in the average monthly benefit per person. The 67% 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 32% increase in the average monthly benefit per person reflects a 28% 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 27%.

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

The $262 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven by a $246 billion or 85% increase in Medicaid and CHIP payments, as discussed within *Expenditures by function, 2006 to 2016 / 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 2016 compared with fiscal year 2015

	2016			2015			Changes [2]					
(In billions, except percentages)	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local
Education	**$ 862**	$ 13	$ 849	**$ 849**	$ 24	$ 825	**$ 13**	$ (11)	$ 24	**2%**	(46)%	3%
Wealth and savings	**2,127**	1,820	307	**2,022**	1,726	296	**105**	94	11	**5%**	5%	4%
Sustainability and self-sufficiency	**108**	53	55	**101**	53	48	**7**	—	7	**7%**	—%	15%
Total Blessings of Liberty	**$ 3,097**	$ 1,886	$ 1,211	**$ 2,972**	$ 1,803	$ 1,169	**$ 125**	$ 83	$ 42	**4%**	5%	4%
As a percentage of total expenditures	**53%**	32%	21%	**51%**	31%	20%						
Estimated impact of inflation on segment expenditures							**$ 27**	$ 16	$ 11	**1%**	1%	1%
Estimated impact of population growth on segment expenditures							**22**	13	9	**1%**	1%	1%

[1] *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).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Federal education expenditures

The $11 billion decrease in federal education expenditures was driven primarily by a $14 billion or 58% decrease in Federal Direct Student Loans (FDSL) expenditures, including $13 billion of FDSL program credits that reflected accounting for changes in actual and anticipated future program performance. There was a 0.8 million person or 5% decrease in the number of FDSL recipients, a 2% decrease in the average amount of loans originated, and a 1% decrease in the average amount of loans disbursed during this period, while average undergraduate tuition and required fees increased 3%.

Federal wealth and savings expenditures

The $94 billion increase in federal wealth and savings expenditures was driven by a $28 billion or 3% increase in costs of Social Security and a $48 billion or 9% increase in costs of Medicare. These increases reflect increased benefits payments, as discussed within *Expenditures by function, 2015 to 2016 / Federal transfer payments to individuals and subsidies* above.

Fiscal year 2016 compared with fiscal year 2011

	2016			2011			Changes [2]					
(In billions, except percentages)	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local
Education	**$ 862**	$ 13	$ 849	**$ 712**	$ (32)	$ 744	**$ 150**	$ 45	$ 105	**21%**	(141)%	14%
Wealth and savings	**2,127**	1,820	307	**1,791**	1,543	248	**336**	277	59	**19%**	18%	24%
Sustainability and self-sufficiency	**108**	53	55	**130**	64	66	**(22)**	(11)	(11)	**(17)%**	(17)%	(17)%
Total Blessings of Liberty	**$ 3,097**	$ 1,886	$ 1,211	**$ 2,633**	$ 1,575	$ 1,058	**$ 464**	$ 311	$ 153	**18%**	20%	14%
As a percentage of total expenditures	**53%**	32%	21%	**45%**	27%	18%						
Estimated impact of inflation on segment expenditures							**$ 187**	$ 112	$ 75	**7%**	7%	7%
Estimated impact of population growth on segment expenditures							**99**	59	40	**4%**	4%	4%

[1] *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).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

State and local education expenditures

The $105 billion increase in state and local education expenditures was driven primarily by a $59 billion or 11% increase in costs of elementary and secondary education and a $44 billion or 27% increase in costs of higher education.

The 11% increase in costs of elementary and secondary education during this period primarily reflects:

- an 8% increase in salaries and wages, including 7% for instruction employees and 10% for support employees; and
- a 22% increase in employee benefits, including 23% for instruction employees and 21% for support employees.

Within public elementary and secondary schools, the numbers of students enrolled and teachers both increased 2% and the student/teacher ratio remained flat at 16.0 students per teacher.

The 27% increase in costs of higher education expenses during this period primarily reflects:

- a 16% increase in costs of instruction, including a 15% increase in salaries and wages;
- a 26% increase in costs of academic support, including libraries, academic administration, course curriculum development, and ancillary support;
- a 19% increase in costs of institutional support, the day-to-day operational costs for institutions (excluding physical plant operations), including general administrative services, executive direction and planning, legal and fiscal operations, and community relations; and
- a 13% increase in costs of auxiliary enterprises, essentially self-supporting operations of institutions that furnish a service to students, faculty, or staff, such as residence halls and food services.

Within higher education institutions, the number of faculty and administrative staff increased 1% and 156%, respectively, while the number of students enrolled decreased 4%. The student/faculty FTE ratio declined 8%, from 17.1 to 15.7 students per faculty.

Federal wealth and savings expenditures

The $277 billion increase in federal costs of wealth and savings was driven by a $185 billion or 25% increase in Social Security expenditures and a $109 billion or 22% increase in Medicare expenditures. These increases reflect increased benefits payments, as discussed within *Expenditures by function, 2011 to 2016 / Federal transfer payments to individuals and subsidies* above. Offsetting these increases, in part, was a $27 billion or 213% decrease in payments for Fannie Mae and Freddie Mac assistance, reflecting returns on Fannie Mae and Freddie Mac investments.

Fiscal year 2016 compared with fiscal year 2006

	2016			2006			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Education	**$ 862**	$ 13	$ 849	**$ 682**	$ 39	$ 643	**$ 180**	$ (26)	$ 206	**26%**	(67)%	32%
Wealth and savings	**2,127**	1,820	307	**1,314**	1,170	144	**813**	650	163	**62%**	56%	113%
Sustainability and self-sufficiency	**108**	53	55	**113**	52	61	**(5)**	1	(6)	**(4)%**	2%	(10)%
Total Blessings of Liberty	**$ 3,097**	$ 1,886	$ 1,211	**$ 2,109**	$ 1,261	$ 848	**$ 988**	$ 625	$ 363	**47%**	50%	43%
As a percentage of total expenditures	**53%**	32%	21%	**36%**	22%	14%						
Estimated impact of inflation on segment expenditures							**$ 403**	$ 241	$ 162	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**177**	106	71	**8%**	8%	8%

[1] *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).*

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

State and local education expenditures

The $206 billion increase in state and local education expenditures was driven primarily by a $122 billion or 25% increase in costs of elementary and secondary education and an $81 billion or 63% increase in costs of higher education.

The 25% increase in costs of elementary and secondary education during this period primarily reflects:

- a 22% increase in salaries and wages, including 21% for instruction employees and 24% for support employees; and
- a 55% increase in employee benefits, including 57% for instruction employees and 53% for support employees.

Within public elementary and secondary schools, the number of students enrolled in increased 3%, while the change in the number of teachers in public elementary and secondary schools was negligible, and the student/teacher ratio increased 2%, from 15.6 to 16.0 students per teacher.

The 63% increase in higher education expenses during this period primarily reflects:

- a 72% increase in costs of instruction, including a 43% increase in salaries and wages;
- an 86% increase in costs of institutional support, the day-to-day operational costs for institutions (excluding physical plant operations), including general administrative services, executive direction and planning, legal and fiscal operations, and community relations; and
- a 93% increase in costs of academic support, including libraries, academic administration, course curriculum development, and ancillary support.

Within higher education institutions, the number of faculty and administrative staff increased 15% and 185%, respectively, along with a 12% increase in the number of students enrolled. The student/faculty FTE ratio declined 3%, from 16.2 to 15.7 students per faculty.

Federal wealth and savings expenditures

The $650 billion increase in federal costs of wealth and savings was driven by a $368 billion or 67% increase in Social Security expenditures and a $265 billion or 80% increase in Medicare expenditures. These increases reflect increased benefits payments, as discussed within *Expenditures by function, 2006 to 2016 / 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 2016 compared with fiscal year 2015

	2016			2015			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Costs of central government functions	**$ 167**	$ 15	$ 152	**$ 169**	$ 14	$ 155	**$ (2)**	$ 1	$ (3)	**(1)%**	7%	(2)%
Other	**(23)**	(23)	—	**(27)**	(27)	—	**4**	4	—	**(15)%**	(15)%	—%
Total general government support and other	**$ 144**	$ (8)	$ 152	**$ 142**	$ (13)	$ 155	**$ 2**	$ 5	$ (3)	**1%**	(38)%	(2)%
As a percentage of total expenditures	**2%**	—%	3%	**2%**	—%	3%						
Estimated impact of inflation on segment expenditures							**$ 1**	$ —	$ 1	**1%**	1%	1%
Estimated impact of population growth on segment expenditures							**1**	—	1	**1%**	1%	1%

[1] *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).*

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

Other federal expenditures increased $4 billion primarily due to $4 billion in 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 2016 compared with fiscal year 2011

(In billions, except percentages)	2016 Total	2016 Federal [1]	2016 State and Local	2011 Total	2011 Federal [1]	2011 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Costs of central government functions	**$ 167**	$ 15	$ 152	**$ 174**	$ 19	$ 155	**$ (7)**	$ (4)	$ (3)	**(4)%**	(21)%	(2)%
Other	**(23)**	(23)	—	**(30)**	(30)	—	**7**	7	—	**(23)%**	(23)%	—%
Total general government support and other	**$ 144**	$ (8)	$ 152	**$ 144**	$ (11)	$ 155	**$ —**	$ 3	$ (3)	**—%**	(27)%	(2)%
As a percentage of total expenditures	**2%**	—%	3%	**3%**	—%	3%						
Estimated impact of inflation on segment expenditures							**$ 12**	$ 1	$ 11	**7%**	7%	7%
Estimated impact of population growth on segment expenditures							**7**	1	6	**4%**	4%	4%

[1] *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).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Other federal expenditures increased $7 billion primarily due to $5 billion in 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 2016 compared with fiscal year 2006

(In billions, except percentages)	2016 Total	2016 Federal [1]	2016 State and Local	2006 Total	2006 Federal [1]	2006 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Costs of central government functions	**$ 167**	$ 15	$ 152	**$ 148**	$ 14	$ 134	**$ 19**	$ 1	$ 18	**13%**	7%	13%
Other	**(23)**	(23)	—	**(11)**	(11)	—	**(12)**	(12)	—	**109%**	109%	—%
Total general government support and other	**$ 144**	$ (8)	$ 152	**$ 137**	$ 3	$ 134	**$ 7**	$ (11)	$ 18	**5%**	(367)%	13%
As a percentage of total expenditures	**2%**	—%	3%	**2%**	—%	2%						
Estimated impact of inflation on segment expenditures							**$ 29**	$ 3	$ 26	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**12**	1	11	**8%**	8%	8%

[1] *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).*
[2] *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 $18 billion primarily due to a $20 billion or 23% increase in expenditures labeled as "current operations – general - other" in the Census. We do not know what comprises these costs.

Other federal expenditures decreased $12 billion primarily due to $14 billion in annual variations in the discrepancy between grants from the federal government to state and local governments as reported by the federal government versus as reported by state and local governments.

Key metrics by segment

In this section, we analyze by segment certain key metrics that measure progress towards our constitutional objectives of justice and domestic tranquility, common defense, general welfare, and security of the blessings of liberty to ourselves and our posterity. We chose metrics for which government data was available and that seemed representative of the status of these objectives. There are more metrics on our website at https://usafacts.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 and related arrests; numbers of youth imprisoned in state prisons; most types of fires and civilian deaths from highway vehicle fires; transportation fatalities; workplace injuries and fatalities; the number of children in, and adopted from, foster care; and the number of children that are victims of maltreatment;
- ***saw no meaningful movement*** in the overall numbers of incarcerated people, children living in single parent households, foster children reunited with family, and children in poverty; and
- ***regressed notably*** in numbers of civilian deaths from fires other than highway vehicle fires, the average cost of each natural disaster, child fatalities as a result of maltreatment, homeless children enrolled in school, and all types of consumer complaints.

Shorter-term trends may differ.

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)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Crimes reported [1]:							
Property crimes [2]	7,929	8,024	9,053	10,020	(1)%	(12)%	(21)%
Property crimes per 100,000 people	*2,452*	*2,501*	*2,905*	*3,347*	*(2)%*	*(16)%*	*(27)%*
Violent crimes [3]	1,250	1,199	1,206	1,435	4%	4%	(13)%
Violent crimes per 100,000 people	*386*	*374*	*387*	*479*	*3%*	*—%*	*(19)%*
Murder/non-negligent manslaughter (MNM)	17	16	15	17	6%	13%	—%
MNMs per 100,000 people	*5*	*5*	*5*	*6*	*—%*	*—%*	*(17)%*
Arrests by crime:	**10,662**	**10,797**	**12,410**	**14,383**	**(1)%**	**(14)%**	**(26)%**
Drug abuse violations	1,573	1,489	1,531	1,890	6%	3%	(17)%
Drug abuse violations arrests per 100,000 people	*487*	*464*	*491*	*633*	*5%*	*(1)%*	*(23)%*
Sale/manufacturing	na	240	281	337	na	na	na
Possession	na	1,249	1,250	1,553	na	na	na
Property crimes [2]	1,353	1,463	1,640	1,540	(8)%	(18)%	(12)%
Property crimes arrests rate (of property crimes reported)	*17%*	*18%*	*18%*	*15%*	*(1)ppt*	*(1)ppt*	*2ppt*
Driving under the influence (DUI)	1,018	1,089	1,215	1,460	(7)%	(16)%	(30)%
Violent crimes [3]	515	506	535	612	2%	(4)%	(16)%
Violent crimes arrests rate (of violent crimes reported)	*41%*	*42%*	*44%*	*43%*	*(1)ppt*	*(3)ppt*	*(2)ppt*
Other	6,203	6,250	7,489	8,881	(1)%	(17)%	(30)%

† *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 2016, 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.*

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

1 Crimes reported by local law enforcement to the Federal Bureau of Investigation

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

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

Property crimes and violent crimes reported had generally been declining at accelerating rates each year of the decade covered by 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.

In 2015 and 2016, however, this trend reversed for violent crimes, as reported crimes began to increase across all sub-categories and in every major region except the Northeast:

- *By major region* - the change in violent crimes from 2015 to 2016 ranged from a decrease of 1% in the Northeast (to a rate of 317 violent crimes reported per 100,000 people) to an increase of 6% in each the Midwest and the West (to rates of 378 and 418 violent crimes reported, respectively, per 100,000 people).
- *By state/territory* - the change in violent crimes from 2015 to 2016 ranged from a decrease of 5% in Florida (to a rate of 430 violent crimes reported per 100,000 people) to an increase of 32% in Vermont (to a rate of 158 violent crimes reported per 100,000 people).

- *By type* - Aggravated assaults accounted for 63% of violent crimes reported to law enforcement in 2016, with the number of aggravated assaults reported up 5% from 2015, while robbery offenses accounted for 26% (up 1%), rape accounted for 10% (up 4%), and murder accounted for less than 1% (up 9%).

Arrests for property crimes and violent crimes followed similar trends as crimes reported. Arrests for drug abuse violations decreased over the past decade but increased in 2016. We do not have detailed drug abuse violation arrest data for 2016. However, when comparing 2015 to prior periods, we see a shift in the distribution of arrests towards those for possession (vs sale/manufacturing) of heroin or cocaine and their derivatives and synthetic or manufactured drugs. Arrests for DUIs decreased for all periods presented.

Underlying the overall arrests trends, there are demographical points to note:

- Youth (under age 18) are more often arrested for property crimes than violent crimes (6% of their arrests in 2016) and are comprising a disproportionately smaller percentage of all arrests over time (an 8-percentage point decline overall between 2006 and 2016 – 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 2016) that is significantly higher than the rate they comprise of the US population (13% in 2016) throughout the periods discussed in this report. In 2016, black people accounted for more than 50% of the arrested population for murder and nonnegligent manslaughter and robbery offenses.

Incarceration

(In thousands, except percentages and as noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Incarcerated population [1]:	**2,162**	**2,173**	**2,253**	**2,257**	**(1)%**	**(4)%**	**(4)%**
Persons in jail [2]	741	727	736	766	2%	1%	(3)%
Persons in prison (federal and state) [3]	1,505	1,527	1,599	1,569	(1)%	(6)%	(4)%
Youth in jail (actuals)	na	na	5,900	6,102	na	na	na
Youth in state prisons (actuals)	956	993	1,790	2,364	(4)%	(47)%	(60)%
Sentenced prisoners by crime committed:							
Violent crimes	na	722	725	683	na	na	na
Property crimes	na	245	256	286	na	na	na
Drug crimes	na	289	325	357	na	na	na
Public order and other [4]	na	218	209	163	na	na	na

† *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 2016, 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.*

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

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

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

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

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

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

- Black people are disproportionately jailed and imprisoned, comprising 34% of those jailed and 33% of those imprisoned in 2016 as compared to 13% of the US population. However, the percentages of the jailed and imprisoned populations they comprise are decreasing (declines of 4 and 6 percentage points between 2006 and 2016 of those jailed and imprisoned, respetively) 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 30% of those imprisoned in 2016, while comprising 77% of the US population. The percentage of those jailed who are white increased 4 percentage points between 2006 and 2016, while the percentage of those imprisoned who are white decreased 6 percentage points. Meanwhile, white people decreased as a percentage of the US population (a 2-percentage point decrease between 2006 and 2016).
- The offenses for which people are imprisoned has changed, with property and drug offenses decreasing and violent crime and public order offenses increasing.
- Numbers of incarcerated youth appear to be decreasing.

Fire (non-natural disaster)

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Fire incidents (in thousands, except rates):	**1,342**	**1,346**	**1,390**	**1,643**	**—%**	**(3)%**	**(18)%**
Home structure fires [1]	352	366	370	396	(4)%	(5)%	(11)%
Home structure fires per 100,000 housing units	*260*	*272*	*280*	*314*	*(4)%*	*(7)%*	*(17)%*
Other structure fires [2]	124	136	115	128	(9)%	8%	(3)%
Highway vehicle fires [3]	173	174	188	250	(1)%	(8)%	(31)%
Highway vehicle fires per 1 billion miles driven	54	*56*	*64*	*83*	*(4)%*	*(16)%*	*(35)%*
Other fires [4]	693	670	717	869	3%	(3)%	*(20)%*
Civilian deaths from fire incidents:	**3,390**	**3,280**	**3,005**	**3,245**	***3%***	**13%**	**4%**
Home structure fire civilian deaths [1]	2,735	2,560	2,520	2,580	7%	9%	6%
Rate of deaths per home structure fire	*0.8%*	*0.7%*	*0.7%*	*0.7%*	*0.1ppt*	*0.1ppt*	*0.1ppt*
Other structure fire civilian deaths [2]	215	125	120	125	72%	79%	72%
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 [3]	280	445	270	445	(37)%	4%	(37)%
Rate of deaths per highway vehicle fire	*0.2%*	*0.3%*	*0.1%*	*0.2%*	*(0.1)ppt*	*0.1ppt*	*—ppt*
Other fire civilian deaths [4]	160	150	95	95	7%	68%	68%
Rate of deaths per other fire	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*—ppt*	*—ppt*	*—ppt*

† *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 2016, 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.*

1 *Homes are dwellings, duplexes, manufactured homes (also called mobile homes), apartments, rowhouses, and townhouses.*

2 *Includes other residential properties, such as hotels and motels, dormitories, barracks, rooming and boarding homes, and the like.*

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

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

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 176 thousand or 20% decrease in "other" fires. In 2016, the leading cause of fires was cooking for both residential and non-residential buildings, comprising 50% and 30% of those fires, respectively.

Civilian deaths from fire incidents have also fluctuated but increased overall in the past decade, led by a 155 or 6% increase in deaths from home structure fire incidents, offset in part by a 165 or 37% decrease in deaths from highway vehicle fire incidents. As a percentage of fire incidents, deaths for all types of fire incidents shown have remained less than 1% throughout the past decade.

Disasters

(Dollars in millions, others actuals or as noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Disaster declarations	103	77	241	143	34%	(57)%	(28)%
Disaster cost	$ 5,448	$ 1,705	$5,890	$ 1,529	220%	(8)%	256%
Cost per disaster	*$ 53*	*$ 22*	*$ 24*	*$ 11*	*141%*	*121%*	*382%*
Disaster declarations and aid by type of disaster							
Severe storm	16	23	57	46	(30)%	(72)%	(65)%
Severe storm cost	$ 333	$ 771	$ 1,911	$ 1,328	(57)%	(83)%	(75)%
Cost per severe storm	*$ 21*	*$ 34*	*$ 34*	*$ 29*	*(38)%*	*(38)%*	*(28)%*
Severe ice storm	—	3	—	1	(100)%	—%	(100)%
Severe ice storm cost	$ —	$ 77	$ —	$ 11	(100)%	*na*	(100)%
Cost per severe ice storm	*$ —*	*$ 26*	*$ —*	*$ 11*	*na*	*na*	*na*
Flood	18	8	27	2	125%	(33)%	800%
Flood cost	$ 3,248	$ 393	$ 1,248	$ 8	726%	160%	nm
Cost per flood	*$ 180*	*$ 49*	*$ 46*	*$ 4*	*267%*	*291%*	*nm*
Fire	51	37	116	89	38%	(56)%	(43)%
Fire cost	$ 277	$ 356	$ 246	$ 127	(22)%	13%	118%
Cost per fire	*$ 5*	*$ 10*	*$ 2*	*$ 1*	*(50)%*	*150%*	*400%*
Hurricane	10	—	29	—	na	(66)%	na
Hurricane cost	$ 1,402	$ —	$ 2,114	$ —	*na*	(34)%	na
Cost per hurricane	*$ 140*	*$ —*	*$ 73*	*$ na*	*na*	*92%*	*na*
Other disasters	8	6	12	5	33%	(33)%	60%
Other disasters cost	$ 188	$ 108	$ 371	$ 55	74%	(49)%	242%
Cost per other disaster	*$ 24*	*$ 18*	*$ 31*	*$ 11*	*33%*	*(23)%*	*118%*
Acres burned in forest fires (thousands)	5,510	10,125	8,711	9,874	(46)%	(37)%	(44)%
Acres burned per forest fire	*81*	*149*	*118*	*102*	*(46)%*	*(31)%*	*(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 2016, as that is the latest date for which comprehensive Government-wide financial data is available. The data presented is based on a calendar year. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

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

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

Disaster costs increased 256% in the past decade even as the disaster declarations decreased 28%. Per disaster, costs increased 382% over the past decade. Costs, on an absolute and per disaster basis, have increased over the past decade for floods, fires, and other disasters. The increase in the disaster costs in 2016 primarily relates to $2.5 billion in Louisiana flood costs and $1.3 billion related to Hurricane Matthew, impacting Florida, Georgia, the Carolinas, and Virginia.

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)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Consumer fraud complaints	1,195	1,143	1,042	424	5%	15%	182%
Consumer fraud complaints per 100,000 people	*370*	*356*	*334*	*142*	*4%*	*11%*	*161%*
Mean amount paid per fraud complaint	*$ 450*	*$ 400*	*$ 550*	*$ 500*	*13%*	*(18)%*	*(10)%*
Identity theft complaints	399	490	279	246	(19)%	43%	62%
Identity theft complaints per 100,000 people	*124*	*153*	*90*	*82*	*(19)%*	*38%*	*51%*
Other consumer complaints [1]	1,390	1,402	578	236	(1)%	140%	489%
Other consumer complaints per 100,000 people	*430*	*437*	*186*	*79*	*(2)%*	*131%*	*444%*
Consumer financial protection (CFP) complaints [2]	157	169	na	na	(7)%	na	na
CFP complaints per 100,000 people	*49*	*53*	*na*	*na*	*(8)%*	*na*	*na*
Consumer product safety injuries [3]	14,319	14,133	14,162	13,232	1%	1%	8%

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

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

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

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

Consumer complaints have grown throughout the period of this report, driven primarily by increased fraud and other consumer complaints, though all categories of complaints have increased.

- *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 Great Recession.

The mean amount paid per fraud complaint decreased over the past decade but increased in recent years. In 2016, more than half (61%) 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 $1,001 and $5,000. 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 2018 (the earliest date for which this detail was reported) was for business and job opportunities.

Consumer product safety injuries have fluctuated from year to year, peaking in 2011 and not decreasing much since. The largest numbers of injuries relate to home structures and construction materials, sports and recreational equipment, and home furnishings and fixtures. Injuries related to home structures and construction materials increased 23% when comparing 2016 to 2006, while sports and recreational equipment injuries decreased less than 1%, and injuries related to equipment home furnishings and fixtures decreased 28%, over this same period.

Transportation safety

(In thousands, except rates and percentages or otherwise noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Transportation crashes	7,303	6,323	5,364	6,005	15%	36%	22%
Highway crashes	7,277	6,296	5,338	5,973	16%	36%	22%
Highway crashes per 100 million miles driven	*226*	*201*	*181*	*198*	*12%*	*25%*	*14%*
Transportation fatalities (actual people)	39,751	37,372	34,568	45,063	6%	15%	(12)%
Highway fatalities (actual people)	37,461	35,485	32,479	42,708	6%	15%	(12)%
Highway fatalities per 100,000 highway crashes	*515*	*564*	*608*	*715*	*(9)%*	*(15)%*	*(28)%*

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Nearly all transportation crashes (99% in 2016) and transportation fatalities (94% in 2016) are highway crashes and fatalities.

Highway crashes have increased, in absolute terms and per mile driven, over the past decade. Highway fatalities dropped 9% in each calendar year 2008 and 2009 and had remained at roughly 33,000 fatalities per year thereafter until 2015, when they jumped to over 35,000 and then jumped again to over 37,000 in 2016. Nearly a third (29% or 10,996 fatalities in 2016) of highway fatalities involved a driver with a Blood Alcohol Concentration of 0.08 (an illegal level in all 50 States, DC, and Puerto Rico) or higher. Since 2006, distraction-affected fatalities decreased 41%, to 3,450 in 2016.

Safeguarding employees

(In thousands, except rates and percentages or otherwise noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Workplace violations (actual) [1]	58,702	65,044	85,514	83,913	(10)%	(31)%	(30)%
Workplace violations per 100,000 employees	*42*	*47*	*64*	*61*	(11)%	*(34)%*	(31)%
Non-fatal workplace injuries	*3,535*	*3,659*	*3,858*	*4,085*	(3)%	*(8)%*	(13)%
Non-fatal injuries per 100,000 employees	*2,518*	*2,653*	*2,875*	*2,994*	(5)%	*(12)%*	(16)%
Fatal workplace injuries (actual)	*5,190*	*4,836*	*4,693*	*5,840*	*7%*	*11%*	(11)%
Rate of fatality of workplace injuries	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*—ppt*	*—ppt*	*—ppt*
Back wages recovered	$ 266,566	$ 246,781	$ 224,845	$171,956	8%	19%	55%
Back wages recovered per injury	*$ 75*	*$ 67*	*$ 58*	*$ 42*	12%	*29%*	*79%*

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

The work safety outcomes discussed here are 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 over the past five years, primarily in construction and truck transportation 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 (93% of the incidents in 2016). In 2016, 90% of fatal workplace injuries occurred in private industry, with the balance occurring in government. By industry, in 2016, 38% of the incidents occurred in goods-producing industries, half of which were in construction, while the other 52% of the incidents occurred in service-providing industries, of which nearly 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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Children in single parent households (in thousands)	**20,229**	**19,757**	**20,234**	**20,619**	**2%**	**—%**	**(2)%**
Children in single parent households per 10,000 children	*2,746*	*2,683*	*2,738*	*2,796*	*2%*	*—%*	*(2)%*
Children in foster care	**436,551**	**437,328**	**398,057**	**505,000**	**—%**	**10%**	**(14)%**
Children in foster care per 10,000 children	*59*	*59*	*54*	*68*	*—%*	*9%*	*(13)%*
Percentage of foster children fostered by relatives	*32%*	*30%*	*27%*	*24%*	*2ppt*	*5ppt*	*8ppt*
Children entering foster care	273,539	268,720	251,958	305,000	2%	9%	(10)%
Children exiting foster care	250,248	243,043	247,607	295,000	3%	1%	(15)%
Median months in foster care	13	13	14	16	—%	(7)%	(19)%
Percentage of foster children reunited with parents	51%	51%	52%	53%	—ppt	(1)ppt	(2)ppt
Percentage of foster children discharged to live with other relatives	7%	6%	8%	11%	1ppt	(1)ppt	(4)ppt
Children adopted from foster care [1]	57,208	53,556	50,901	50,700	7%	12%	13%
Rate of children adopted from foster care (as a percentage of children in foster homes) [1]	*13%*	*12%*	*13%*	*10%*	*1ppt*	*—ppt*	*3ppt*

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[1] *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 2016, 85% of single-family households were headed by single mothers, while 15% 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 2016. However, there have been some other demographic shifts over this period including:

- the median age decreased from 10 to 8 years old;
- the percentage of children in foster care who are African-American decreased 9 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 44% in 2016, 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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Child victims [1] (nearest thousand)	**676,000**	**683,000**	**658,000**	**905,000**	**(1)%**	**3%**	**(25)%**
Victimization rate by age (per 1,000 children):							
Birth-1	*24.8*	*24.2*	*21.2*	*24.4*	*2%*	*17%*	*2%*
1-3	*11.3*	*11.3*	*12.0*	*14.2*	*—%*	*(6)%*	*(20)%*
4-7	*9.9*	*10.2*	*9.9*	*13.5*	*(3)%*	*—%*	*(27)%*
8-11	*7.9*	*7.8*	*7.7*	*10.8*	*1%*	*3%*	*(27)%*
12-15	*6.6*	*6.8*	*7.0*	*10.2*	*(3)%*	*(6)%*	*(35)%*
16-17	*4.7*	*4.8*	*5.0*	*6.3*	*(2)%*	*(6)%*	*(25)%*
Boys [3]	49%	49%	49%	48%	—ppt	—ppt	1ppt
Girls [3]	51%	51%	51%	52%	—ppt	—ppt	(1)ppt
White (non-Hispanic)	45%	43%	44%	49%	2ppt	1ppt	(4)ppt
African-American (non-Hispanic)	21%	21%	22%	23%	—ppt	(1)ppt	(2)ppt
Hispanic	22%	24%	22%	18%	(2)ppt	—ppt	4ppt
Neglect [2]	64%	75%	79%	64%	(11)ppt	(15)ppt	—ppt
Physical abuse [2]	16%	17%	18%	16%	(1)ppt	(2)ppt	—ppt
Sexual abuse [2]	7%	8%	9%	9%	(1)ppt	(2)ppt	(2)ppt
Child fatalities as a result of maltreatment	**1,750**	**1,680**	**1,580**	**1,500**	**4%**	**11%**	**17%**
Fatality rate by age (per 100,000 children):							
Birth-1	*20.6*	*20.9*	*16.8*	*16.7*	*(1)%*	*23%*	*23%*
1-3	*5.4*	*5.0*	*5.7*	*4.7*	*8%*	*(5)%*	*15%*
4-7	*1.5*	*1.2*	*1.2*	*1.2*	*25%*	*25%*	*25%*
8-11	*0.7*	*0.5*	*0.4*	*0.5*	*40%*	*75%*	*40%*
12-17	*0.4*	*0.3*	*0.3*	*0.3*	*33%*	*33%*	*33%*
Boys [3]	59%	55%	59%	60%	4ppt	—ppt	(1)ppt
Girls [3]	41%	45%	41%	40%	(4)ppt	—ppt	1ppt
White (non-Hispanic)	45%	42%	41%	43%	3ppt	4ppt	2ppt
African-American (non-Hispanic)	29%	31%	28%	29%	(2)ppt	1ppt	—ppt
Hispanic	14%	15%	18%	17%	(1)ppt	(4)ppt	(3)ppt
Neglect [2]	75%	73%	71%	41%	2ppt	4ppt	34ppt
Physical abuse [2]	44%	44%	48%	22%	—ppt	(4)ppt	22ppt
Sexual abuse [2]	1%	1%	1%	—%	—ppt	—ppt	1ppt

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1 *Victims of maltreatment are defined as children who experienced or who were at risk of experiencing abuse or neglect.*

2 *A child may have suffered from more than one type of maltreatment and therefore, the total number of reported maltreatments exceeds the number of fatalities and the total percentage of reported maltreatments exceeds 100%. The percentages are calculated against the number of child fatalities in the reporting states. 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.*

3 *May not add to 100% due to unknown population.*

Children victimized and who suffer fatalities as a result of maltreatment are most often victims of their parents, one year old or younger, neglected, and white. However, African-American children disproportionately suffer victimization and death from maltreatment, comprising 14% of the child population in 2016, while comprising 21% of child victims and 29% of child fatalities as a result of maltreatment.

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

- children ages birth to 1, increasing 2%;
- boys, increasing 1 percentage point; and
- Hispanic children, increasing 4 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, 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 Hispanic children decreased, while those that were White increased and African-American were unchanged.

In 2016, parents represented 91% 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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Children in poverty (in thousands)	12,803	13,962	16,134	12,827	(8)%	(21)%	—%
Rate of children in poverty	*18%*	*19%*	*21%*	*17%*	*(1)ppt*	*(3)ppt*	*1ppt*
Percentage of children receiving free or reduced lunch at school	73%	72%	66%	59%	1ppt	7ppt	14ppt
Homeless children enrolled in school and known to our Government (in thousands) [1]	1,301	1,261	1,066	907	3%	22%	43%
Homeless children enrolled in school and known to our Government per 10,000 children	*176*	*171*	*144*	*123*	*3%*	*22%*	*43%*

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

Children in poverty represent roughly a third of the overall US population in poverty. The number of children in poverty has changed immaterially when compared to a decade ago, as have child poverty rates, though they have been decreasing lately.

The race and ethnicity with the highest rates of child poverty are the black population, ranging from 30% to 39% of children, and the Hispanic population, ranging from 27% to 34% of children, for the periods presented in this report. White and Asian populations have lower rates of child poverty, ranging from 10% to 13% for non-Hispanic white children and 11% to 14% for Asian children, during the periods presented. Child poverty rates for all populations except white children decreased when comparing 2016 to 2006. Child poverty rates for non-Hispanic white children increased 0.8 percentage points between 2006 and 2016.

The percentage of children receiving free or reduced lunch at school 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 lunch, for which students can be charged no more than 40 cents.

Homeless children enrolled in school and known to our Government increased over the past decade. Most (76% in 2016) 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 2016, was shelters, transitional housing, or awaiting foster care. The fastest growing forms of nighttime residence were doubling up and hotel/motel, growing 134% and 66%, respectively, from 2006 to 2016.

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, bringing home our active duty military personnel who were stationed abroad, and increasing the numbers of visas granted, naturalizations, and passports in circulation;
- ***saw no meaningful movement*** in lowering the rates of veteran unemployment, poverty, and disability; and
- ***regressed notably*** in the numbers of unauthorized persons with a prior criminal conviction who are removed or returned, intellectual property seizures, airport firearm discoveries, and American civilians that die abroad (except by terrorists).

Shorter-term trends may differ.

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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Total armed forces, excluding reserves (in thousands)	**2,035**	**2,040**	**2,192**	**2,057**	**—%**	**(7)%**	**(1)%**
Number of active duty military stationed in (in thousands): [1]	1,301	1,314	1,424	1,386	(1)%	(10)%	(7)%
US	1,063	1,146	1,220	1,100	(7)%	(13)%	(3)%
Abroad	226	156	205	285	45%	10%	(21)%
Number of active duty military deaths from:	**na**	**na**	**na**	**1,882**	**na**	**na**	**na**
Hostile/terrorist	na	na	na	769	na	na	na
Accidents	na	na	na	561	na	na	na
Self-inflicted	na	na	na	213	na	na	na
Illness	na	na	na	257	na	na	na
Homicide	na	na	na	47	na	na	na
Undetermined or pending	na	na	na	35	na	na	na
Number of US civilian deaths overseas by cause:	**847**	**913**	**824**	**653**	**(7)%**	**3%**	**30%**
Vehicle accident	228	257	222	211	(11)%	3%	8%
Homicide	145	165	200	104	(12)%	(28)%	39%
Suicide	141	171	129	89	(18)%	9%	58%
Drowning	157	139	97	79	13%	62%	99%
Disaster	2	8	5	1	(75)%	(60)%	100%
Terrorist, hostage, and execution	15	19	17	28	(21)%	(12)%	(46)%
Other accident	122	125	136	120	(2)%	(10)%	2%
Other	37	29	18	21	28%	106%	76%

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

[1] *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, however, the number of active duty military personnel have decreased, despite participating in the same number of major conflicts as we did a decade ago. The mix of station location changed when comparing 2016 to 2015; in 2016, there were decreased numbers of active duty military stationed in the US and increased numbers deployed in Europe, particularly with the Navy, and in Africa, Near East, and South Asia, with all military branches but particularly with the Army.

We do not have recent (post-2010) data for active duty military deaths. However, active duty military deaths decreased 21% when comparing 2010 to 2006, driven by a 41% decrease in deaths from hostile/terrorist actions. These decreases were offset in part by a 36% increase in self-inflicted deaths.

The numbers of deaths of US civilians overseas fluctuates from year to year but increased 30% compared to a decade ago, driven by a 78 person or 99% increase in drownings and a 52 person or 58% increase in suicides. Of the drownings in 2016, a plurality or 10% occurred in Quintana Roo, Mexico, and of the suicides in 2016, a plurality or 7% occurred in Baja California, Mexico.

Support for veterans

(In thousands, except percentages or otherwise noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Number of veterans	20,293	21,579	22,150	na	(6)%	(8)%	na
Rates of veteran:							
Unemployment	4%	5%	8%	4%	(1)ppt	(4)ppt	—ppt
Poverty	7%	7%	7%	6%	—ppt	—ppt	1ppt
Disability	29%	29%	26%	27%	—ppt	3ppt	2ppt
Number of unique VA patients	6,016	5,930	5,446	na	1%	10%	na

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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 2016, veteran unemployment and overall unemployment rates were

aligned. See discussion of overall unemployment at *General Welfare, Economy and Infrastructure, Employment Profile (2016)* 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, the latest year for which this detailed data is available:

- 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/district/territory in 2016 ranged from 4% in New Hampshire to 19% in Puerto Rico. The highest rates of veteran poverty were in:
  - Puerto Rico, at 19%, while the overall unemployment rate for the territory was 11.7%;
  - Washington DC, at 14%, while the overall unemployment rate for the district was 6.1% (the 5th highest in the country); and
  - Arkansas, Louisiana, and Mississippi, at 9% each, while the overall unemployment rates for the states were 4.0% in Arkansas (the 14th lowest), 6.1% in Louisiana (the 4th highest), and 5.8% in Mississippi (the 6th highest).

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 8%, 5%, and 4%, respectively, of the disabilities of veterans receiving disability compensation at the end of fiscal year 2016.

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 21 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)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Naturalizations (citizenship) [1]	753	730	694	703	3%	9%	7%
Naturalizations as a percentage of attempts (total naturalizations and denials)	*90%*	*91%*	*92%*	*85%*	*(1)ppt*	*(2)ppt*	*(5)ppt*
Green Cards (permanent residence) granted [2]	1,184	1,051	1,062	1,266	13%	11%	(6)%
Visas granted	10,381	10,892	7,508	5,837	(5)%	38%	78%

† *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 2016, 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.*

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

[2] *Foreign nationals granted lawful permanent residence*

The number of employees working in citizenship and immigration services within the Department of Homeland security increased 81% over the past decade.

Naturalizations (citizenship)

Naturalization is the way a person not born in the US voluntarily becomes a US citizen. General requirements for naturalization 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, while naturalizations as a percentage of attempted naturalizations decreased. Throughout the periods presented in this report, most people who naturalized were:

- females, including 56% of those who naturalized in 2016;
- 21 years of age or older, including 97% in 2016;
- married, including 63% in 2016;
- not working, had an unknown occupation, worked in management, professional, and related occupations, or worked in service occupations, including 26%, 24%, 15%, and 14%, respectively, in 2016; and
- born in Asia or North America, including 36% and 35%, respectively, in 2016.

Green Cards (permanent residence)

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

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 2016;
- 21 years of age or older, including 76% in 2016;
- married, including 58% in 2016;
- either immediate family members (48% in 2016) or otherwise related (20% in 2016) to US citizens; and
- born in Asia or North America, including 39% and 36%, respectively, in 2016.

The categories of Green Card recipients with the largest numerical and percentage growth between 2006 and 2016 were parents of US citizens, with growth of 53,413 people or 44%, and "employment creators (investors)," at 1,217% growth or 9,114 people. The categories with the largest numerical and percentage declines between 2006 and 2016 were asylees, declining 79,636 people or 68%, and parolees, declining nearly 100% or 4,554 people.

Visas

The numbers of visas granted increased over the past decade but decreased in 2016. Most visas are granted to temporary visitors for business or pleasure, including 78% of visas granted in 2016. The next largest category of visa recipients are temporary workers and their families, at 8% in 2016, followed closely by students and their families, at 5% in 2016. The category of visa recipients with the largest numerical growth between 2006 and 2016 was temporary visitors for business or pleasure, with growth of 4.0 million people or 98%.

Unauthorized entry to the US

(In thousands, except percentages and rates or otherwise noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Border apprehensions of illegal aliens	416	337	340	1,089	23%	22%	(62)%
Rate of apprehensions per attempted crossing (apprehensions plus estimated undocumented population)	*na*	*3%*	*3%*	*9%*	*na*	*na*	*na*
Persons removed or returned [1]	446	456	708	1,324	(2)%	(37)%	(66)%
Rate of those removed or returned per estimated undocumented person in the population	*na*	*4%*	*6%*	*12%*	*na*	*na*	*na*
Persons removed or returned with a prior criminal conviction	136	140	189	98	(3)%	(28)%	39%
Rate of those removed or returned that had a prior criminal conviction	*31%*	*31%*	*27%*	*7%*	*—ppt*	*4ppt*	*23ppt*

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

1 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.

The number of employees working in immigration and customs enforcement and customs and border protection, within the Department of Homeland Security, increased 30% and 41%, respectively, over the past decade. The number of border agents increased 61% nationwide and 54% at the southwest US border over the past decade.

Border apprehensions have fluctuated but decreased over the past decade. Nearly all (98% in 2016) border apprehensions occur at the southwest border of the US, and roughly half (46% in 2016) of all illegal aliens apprehended are from Mexico. However, over the last decade, the number of illegal aliens apprehended from Mexico has decreased 80%, while the number illegal aliens apprehended from other locations has increased 106%.

The number of persons removed or returned decreased 66% over the past decade. Of those removed in 2016: 72% were from Mexico, of whom 42% had a prior criminal conviction and 58% did not; 10% were from Guatemala, of whom 31% had a prior criminal conviction and 69% did not; and 6% were from Honduras, of whom 39% had a prior criminal conviction and 61% did not. Of those returned in 2016: 56% were from North America, including 35% from Mexico and 17% from Canada, and 31% were from Asia, including 13% from the Philippines and 8% from China.

Estimated unauthorized immigrant population in the US

	2000	2005	2010	2010[1]	2011[2]	2012[2]	2013[2]	2014[2]	2015[2]
Unauthorized immigrants †									
Estimated population (in thousands)	8,460	10,490	10,790	11,590	11,510	11,430	11,210	11,460	11,960
Period of entry									
1980 to 1984	na	10.0%	7.9%	na	7.4%	7.8%	na	na	na
1985 to 1989	na	11.1%	10.8%	na	9.3%	9.7%	na	na	na
1990 to 1994	na	19.9%	15.5%	na	14.3%	15.0%	na	na	na
1995 to 1999	na	29.8%	27.1%	na	26.3%	25.5%	na	na	na
2000 to 2004	na	29.2%	29.6%	na	28.9%	28.4%	na	na	na
2005 to 2011	na	—%	9.2%	na	13.7%	13.5%	na	na	na
Age and sex									
Male	na	na	57.0%	na	53.3%	53.4%	na	na	52.6%
Female	na	na	43.0%	na	46.7%	46.6%	na	na	47.4%
Under 18 years	na	na	11.4%	na	11.7%	9.8%	na	na	8.7%
18 to 24 years	na	na	12.0%	na	14.0%	12.3%	na	na	9.5%
25 to 34 years	na	na	35.1%	na	32.4%	32.0%	na	na	29.5%
35 to 44 years	na	na	27.7%	na	26.6%	29.0%	na	na	30.2%
45 to 54 years	na	na	10.2%	na	11.2%	12.2%	na	na	15.1%
55+years	na	na	3.6%	na	4.1%	4.5%	na	na	7.0%
Country of birth									
Mexico	55.3%	56.9%	61.5%	58.3%	59.5%	58.8%	57.5%	56.3%	55.0%
El Salvador	5.1%	4.5%	5.7%	5.7%	5.8%	6.0%	6.2%	5.8%	6.3%
Guatemala	3.4%	3.5%	4.8%	4.4%	4.5%	4.9%	5.3%	5.4%	5.2%
Honduras	1.9%	1.7%	3.1%	3.2%	3.3%	3.1%	3.5%	3.4%	3.7%
Philippines	2.4%	2.0%	2.6%	2.5%	2.4%	2.7%	3.0%	2.9%	3.1%
India	1.4%	2.7%	1.9%	2.3%	2.1%	2.3%	2.9%	3.4%	3.9%
Korea	2.1%	2.0%	1.6%	1.9%	2.0%	2.0%	2.2%	2.1%	1.9%
China	2.2%	2.2%	1.2%	2.6%	2.4%	1.8%	1.7%	2.0%	2.7%
Other countries	26.1%	24.5%	17.6%	19.0%	17.9%	18.3%	17.7%	18.7%	18.3%

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†† *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.*

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

1 *Revised by DHS to be consistent with estimates derived from the 2010 Census.*

2 *2011-2015 estimates should not be compared with DHS estimates previously released for 2000-2010 due to the use of the 2010 Census population estimates versus the 2000 Census population estimates. A revision for 2010 to be consistent with the 2010 Census has been provided by DHS.*

Due to a change in methodology, we are not able to compare the estimated undocumented population consistently across all periods presented in this report. However, the estimated undocumented population has increased, with a shift in the mix of immigrants towards older people and countries of birth other than Mexico.

Other border security

(In thousands, except percentages and rates or otherwise noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Intellectual property seizures [1]	32	29	25	15	10%	28%	113%
Intellectual property seizures per 100 border agents	*161*	*143*	*117*	*121*	*13%*	*38%*	*33%*
Drugs seized at the border coming into the US (kgs)	869	1,011	na	na	(14)%	na	na
Airport firearm discoveries (actual)	3,391	2,653	1,320	821	28%	157%	313%

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

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

Intellectual property seizures

Intellectual property seizures have more than doubled 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; three of the top 10 originators in 2006 were not among the top 10 in 2016. In 2016, most seized goods originated in China or Hong Kong, including 45% and 43%, respectively, of the value of goods seized. In 2006, 81% 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 2016, the top (those 9% or more of the value) commodities seized were watches/jewelry (47% of the value), handbags/wallets (17%), and consumer electronics/parts (9%). In 2006, the top commodities seized were footwear (41% of the value), wearing apparel (16%), handbags/wallets/backpacks (9%), and computer/hardware (9%).

The increase in the value of seizures of the top commodities over the past decade was nearly eightfold the increase in paid consumption of these goods. Paid consumption of jewelry and watches; luggage and similar personal items; and video, audio, photographic, and information processing equipment and media increased 14%, 32%, and 65%, 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 do have data, total kilograms of drugs seized at the border have declined, reflecting 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 2016, discoveries were made at 238 airports, with the greatest numbers discovered at Hartsfield-Jackson Atlanta International Airport and Dallas/Fort Worth International Airport at 198 and 192 discoveries, respectively. Of the overall number of firearms discovered in 2016, 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)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Number of valid passports in circulation	131,841	125,907	109,780	70,599	5%	20%	87%
Foreign aid obligations by type (in millions):							
Governance	$ 18,536	$ 20,413	$ 25,445	$ 17,537	(9)%	(27)%	6%
Health and population	$ 12,048	$ 9,619	$ 7,827	$ 5,217	25%	54%	131%
Humanitarian	$ 6,907	$ 6,942	$ 4,426	$ 3,282	(1)%	56%	110%
Other	$ 9,893	$ 10,208	$ 11,101	$ 9,972	(3)%	(11)%	(1)%

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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 shown, with health and population and humanitarian aid 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 FY2016, Iraq, Afghanistan, Israel, 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. The Near East was the top aid recipient region in FY2016, at 27%, followed by Africa, at 25%, and South and Central Asia, at 14%. This was a significant shift from a decade prior, when Africa received only 13% of aid and the Near East 40%, reflecting significant increases in HIV/AIDS-related programs concentrated in Africa between FY2005 and FY2016 and the drawdown of U.S. military forces in Iraq and Afghanistan. Military assistance to Iraq began to decline starting in FY2011, but growing concern about the Islamic State in Iraq and Syria (ISIS) has reversed this trend."

By Government agency, in 2016, 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 2016 was Iraq at $5.3 billion, followed by Afghanistan at $5.1 billion. Aid to Afghanistan increased significantly (453%) in 2002, generally grew annually from there, peaked at $13.4 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.

Through 2016, according to the Congressional Research Service, "Israel is the largest cumulative recipient of US 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 US 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 US support for Israel and its security; shared strategic goals in the Middle East; a mutual commitment to democratic values; and historical ties dating from US support for the creation of Israel in 1948. US foreign aid has been a major component in cementing and reinforcing these ties."

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 residential), employment of seniors, the federal minimum wage, and a decrease in our net trade deficit and bankruptcy filings;
- ***saw no meaningful movement*** in household consumption adjusted for inflation, 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, and the condition of our infrastructure; and
- ***regressed notably*** in the numbers of new home sales and multiple health related factors, including rates of obesity, the cost of healthcare, and deaths from accidents, mental illness, drugs, firearms, and respiratory diseases.

Shorter-term trends may differ.

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)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Investment and GDP							
S&P 500 (end of December) (actual)	2,239	2,044	1,258	1,418	10%	78%	58%
S&P 500 adjusted for inflation (base 2016)	*2,239*	*2,063*	*1,347*	*1,689*	*9%*	*66%*	*33%*
Private fixed investment (in billions) [1]	$ 3,141	$ 3,084	$ 2,286	$ 2,632	2%	37%	19%
Residential	$ 699	$ 634	$ 379	$ 838	10%	84%	(17)%
Nonresidential	$ 2,442	$ 2,450	$ 1,907	$ 1,794	—%	28%	36%
Private fixed investment per capita	*$ 9,772*	*$ 9,615*	*$ 7,337*	*$ 8,821*	*2%*	*33%*	*11%*
Private fixed investment adjusted for inflation (base 2016)	*$ 3,141*	*$ 3,113*	*$ 2,448*	*$ 3,135*	*1%*	*28%*	*—%*
GDP (in billions)	$ 18,707	$ 18,219	$ 15,543	$ 13,815	3%	20%	35%
GDP (in billions) adjusted for inflation (base 2016, using GDP deflator)	*$ 18,707*	*$ 18,418*	*$ 16,781*	*$ 16,249*	*2%*	*11%*	*15%*
GDP per capita	*$ 57,904*	*$ 56,803*	*$ 49,884*	*$ 46,300*	*2%*	*16%*	*25%*
Trade							
Annual goods, services, and income trade surplus (deficit) between the US and other countries (in millions):	$ (432,873)	$ (407,764)	$ (445,662)	$ (805,964)	6%	(3)%	(46)%
China	$ (331,160)	$ (361,588)	$ (313,498)	$ (262,052)	(8)%	6%	26%
Netherlands	$ 88,988	$ 90,062	$ 84,011	$ 31,018	(1)%	6%	187%
Mexico	$ (79,349)	$ (73,765)	$ (69,383)	$ (74,415)	8%	14%	7%
Japan	$ (73,846)	$ (76,513)	$ (75,956)	$ (111,005)	(3)%	(3)%	(33)%
Other	$ (37,506)	$ 14,040	$ (70,836)	$ (389,510)	(367)%	(47)%	(90)%

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[1] *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.

Private fixed investment followed the same trend. Over the past decade, private fixed investment increased 36% in nonresidential investments, offset in part by a 17% decrease in residential investments. Within nonresidential, the largest increases were in intellectual property, which increased $299 billion or 59%, followed by equipment, which increased $229 billion or 27% over the past decade. Within residential, the largest dollar and percentage decreases were in single family residential structures, which decreased $174 billion or 42%. Adjusted for inflation, private fixed investment remained flat over the past decade.

Gross domestic product (GDP) has grown over the past decade, even when adjusted for inflation and population. By industry, the largest increases were in: finance, insurance, real estate, rental, and leasing (up $1.2 trillion or 43%); professional and business services (up $752 billion or 49%); educational services, healthcare, and social assistance (up $604 billion or 58%); and government (up $596 billion or 33%). The lowest growth was in construction (up $48 billion or 7%). Mining declined $57 billion or 21%, the only decline in the 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 2016, made up mostly of a deficit in the trading of goods. The country with whom we had the largest trade surplus in 2016 was 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)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Businesses							
Establishments less than one year old	na	679	583	716	na	na	na
Net change in establishments (number of openings less closings)	136	101	31	166	35%	339%	(18)%
Bankruptcy filings	**805**	**860**	**1,467**	**1,112**	**(6)%**	**(45)%**	**(28)%**
Business bankruptcy filings	24	25	50	27	(4)%	(52)%	(11)%
Business bankruptcy filings per 10,000 businesses	*49*	*50*	*100*	*53*	*(2)%*	*(51)%*	*(8)%*
Non-business bankruptcy filings	781	835	1,417	1,085	(6)%	(45)%	(28)%
Non-business bankruptcy filings per 100,000 adults	*313*	*338*	*596*	*483*	*(7)%*	*(47)%*	*(35)%*
Bank failures	5	8	92	—	(38)%	(95)%	nm
Bank failures per 100,000 banks	*85*	*129*	*1,251*	—	*(34)%*	*(93)%*	*nm*

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Establishments less than one year old and net changes in establishments vary from year to year and decreased in and around the Great Recession. Between 2006 and 2014, the latest year for which the data is available, the service industry had the largest increase in the number of firms, at 286 thousand or 13%, and the agricultural services, forestry, and fishing industry had the largest rate of increase in the number of firms, at 25% or 27 thousand, while the construction industry had the largest decrease and rate of decrease in the number of firms, at 127 thousand or 24%.

Bankruptcy filings have decreased over the past decade, both business and non-business. Bank failures increased from 2006 to 2011 when they peaked in frequency and have declined since.

Housing

(In thousands, except percentages and rates or otherwise noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Homeownership rate (inverse is rental rate)	64%	64%	66%	69%	—ppt	(2)ppt	(5)ppt
Homeowners							
New home sales	561	501	323	1,051	12%	74%	(47)%
New home sales per 100,000 adults	*225*	*203*	*136*	*468*	*11%*	*65%*	*(52)%*
Median new home price	$ 308	$ 294	$ 227	$ 247	5%	36%	25%
Median home price adjusted for inflation (base 2016)	*$ 308*	*$ 297*	*$ 243*	*$ 294*	*4%*	*27%*	*5%*
Median new home size (sq ft)	2,466	2,524	2,295	2,237	(2)%	7%	10%
Median new home lot size (sq ft)	8,428	8,503	8,794	8,621	(1)%	(4)%	(2)%
Vacancy rates [1]	3%	4%	6%	6%	(1)ppt	(3)ppt	(3)ppt
Renters							
Median gross rent (actual)	$ 981	$ 959	$ 871	$ 763	2%	13%	29%
Median gross rent adjusted for inflation (base 2016)	*$ 981*	*$ 968*	*$ 933*	*$ 909*	*1%*	*5%*	*8%*
Vacancy rates [1]	7%	7%	10%	10%	—ppt	(3)ppt	(3)ppt

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1 *Vacancy rates are from the Current Population Survey/Housing Vacancy Survey and represent the unweighted average of vacancy rates for housing with 1 unit, 2 or more units, and 5 or more units.*

Rates of homeownership have decreased over the past decade while rates of renting a home have increased. This is true across all major regions of the US.

Homeowners

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 (241 thousand homes), while the largest rate of decline (57%) was in the Midwest. Between 2011 and 2016, increases in new home sales were greatest in the South (150 thousand homes) and grew at the fastest rate in the West (97%).

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 2013. In the past decade, the largest dollar increase in median sales price was in the Northeast ($82,300 or 24% increase), while the largest rate increase was in the South (35% or $73,200). Between 2011 and 2016, the largest dollar and rate increase in median sales price was in the West ($111,700 or 44%).

The median size of new homes sold increased 10% over the past decade, with increases in all major regions of the US, while the median lot size of new homes sold decreased 2%, with decreases in all major regions except the West, where the median lot size increased 1% over the past decade. Vacancy rates for homeowner units decreased 3 percentage points over the past decade as we recovered from the Great Recession. Among the groupings reported, houses with 2 or more units had the highest vacancy rates, higher than both those with 1 unit and with 5 or more units.

Renters

Median gross rents increased for each of the periods presented. Median gross rent was $981 in 2016, up 8% from a decade ago after adjusting for inflation. Vacancy rates for rental units decreased 3 percentage points over the past decade as we recovered from the financial crisis. Among the groupings reported, rentals with 5 or more units had the highest vacancy rates, higher than both those with 1 unit and with 2 or more units.

Jobs and wages

(In thousands, except percentages and rates or otherwise noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Total working age employment [1]	142,520	140,369	133,222	139,102	2%	7%	2%
Jobs per person in working age population (ages 16-64) [2]	*0.68*	*0.67*	*0.65*	*0.71*	*1%*	*5%*	*(4)%*
Total senior employment [1]	8,916	8,465	6,647	5,325	5%	34%	67%
Jobs per person in senior population (ages 65+) [2]	*0.18*	*0.18*	*0.16*	*0.14*	*—%*	*13%*	*29%*
Median annual wage (actual)	$ 37,040	$ 36,200	$ 34,460	$ 30,400	2%	7%	22%
Median annual wage adjusted for inflation (2016 base)	*$ 37,040*	*$ 36,536*	*$ 36,900*	*$ 36,210*	*1%*	*—%*	*2%*
Workers at or below minimum wage	2,153	2,561	3,829	1,692	(16)%	(44)%	27%
Workers at or below minimum wage per 1,000 hourly employees	*na*	*33*	*52*	*22*	*na*	*na*	*na*
Federal minimum wage per hour	$ 7.25	$ 7.25	$ 7.25	$ 5.15	—%	—%	41%
Federal minimum wage per hour adjusted for inflation (2016 base)	*$ 7.25*	*$ 7.32*	*$ 7.76*	*$ 6.13*	*(1)%*	*(7)%*	*18%*

† *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 2016, 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.*

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

1 Total working age employment is from the current population survey (CPS) and represents average annual national non-farm employment.

2 Total working age employment divided by the working age population of the US.

Jobs

Total working age 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 working age employment increased 2% while the working age population increased 6%, resulting in a decrease of 4% in jobs per person of working age. Over this same time period, however, total senior employment increased 67% while the senior population increased 33%, resulting in an increase of 29% in jobs per senior.

Demographically:

- *Sex* - The number of employed women increased more over the past decade (up 6% to 71 million workers) than did the number of employed men (up 4% to 81 million workers).
- *Race and ethnicity* - The number of employed Asian people increased at the greatest rate (up 41% to 9 million workers) followed closely by Hispanic people (up 29% to 25 million workers), while the number of employed white people increased less than 1% (to 119 million workers).
- *Type of job* - The number of jobs increased the most in the food preparation and serving related, healthcare practitioners and technical, business and financial operations, personal care and service, management, and computer and mathematical fields (each adding more than 1 million jobs in a decade), while the number of jobs decreased the most in production, construction and extraction, and office and administrative support (each losing 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 and outpaced inflation by 2%. By job:

- The largest unadjusted dollar increase in median annual wages was in management jobs, increasing $19,810 a year or 24% to $100,790.
- Farming, fishing, and forestry saw the largest percentage increase at 31% or $5,560 to $23,510, while food preparation and serving related saw an increase of 27% or $4,380 to $20,810, computer and math workers saw an increase of 25% or $16,700 to $82,830 and architecture and engineering saw an increase of 25% or $15,510 to $77,900.
- Retail salespersons saw the smallest dollar and percentage increase in median annual wage at a $2,920 or 15% increase to $22,680.

The job category with the highest median annual wage is management, at $100,790 in 2016. The job category with the lowest median annual wage is food preparation and serving related, at $20,810 in 2016.

The number of workers paid at or below minimum wage increased 27% over the past decade, significantly outpacing growth in total employment (5%) and the working age population (6%). However, the federal minimum wage per hour increased at a rate (41%) greater than that of median annual wages (22%), pre- and post-inflation. As of January 1, 2016, the District of Columbia and 27 states had higher minimum wages than the federal minimum wage, up to $11.50 per hour in the District of Columbia. Five states had no state level minimum wage.

Employment Profile (2016)

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)	Not Participating (in K)	Unemployed (in K)	Employment-Population Ratio	Labor Force Participation Rate	Unemployment Rate	Avg. Number of Hours Worked per Week per Unit		% of Units with # of Primary Earners		
								Primary Earners	All Earners	0 Earners	1 Earner	2 Earners
All Family and Individual Units	**258,540**	**152,739**	**98,412**	**7,389**	**59.1%**	**61.9%**	**4.6%**	**35.7**	**39.3**	**28%**	**50%**	**23%**
Bottom 5% ($0)	5,667	307	5,201	159	5.4%	8.2%	34.1%	—	—	100%	—%	—%
Bottom 5%-20% ($0-$9k)	28,840	6,414	21,139	1,286	22.2%	26.7%	16.7%	6.5	6.9	71%	28%	1%
Second 20% ($9k-$33k)	43,293	21,046	20,610	1,637	48.6%	52.4%	7.2%	22.7	24.7	33%	63%	4%
Middle 20% ($33k-$63k)	49,024	29,874	17,770	1,380	60.9%	63.8%	4.4%	35.7	39.1	17%	71%	12%
Fourth 20% ($63k-$116)	59,052	41,821	15,680	1,552	70.8%	73.4%	3.6%	50.4	55.7	8%	56%	36%
Top 2%-20% ($116k-$702k)	64,987	49,646	14,145	1,197	76.4%	78.2%	2.4%	63.7	70.7	4%	34%	61%
Top 1% ($702k+)	3,467	2,497	917	53	72.0%	73.6%	2.1%	63.2	69.0	6%	34%	61%
Married No Kids	**58,290**	**41,106**	**15,775**	**1,409**	**70.5%**	**72.9%**	**3.3%**	**59.7**	**65.7**	**9%**	**28%**	**63%**
Bottom 5%	389	10	372	8	2.6%	4.6%	42.2%	—	—	100%	—%	—%
Bottom 5%-20%	2,484	640	1,742	102	25.8%	29.9%	13.8%	14.5	14.8	59%	30%	11%
Second 20%	3,799	1,858	1,814	126	48.9%	52.2%	6.4%	35.7	38.0	17%	52%	30%
Middle 20%	7,392	4,093	3,090	209	55.4%	58.2%	4.9%	43.6	46.9	15%	46%	39%
Fourth 20%	16,452	12,179	3,851	422	74.0%	76.6%	3.3%	62.8	68.1	4%	30%	67%
Top 2%-20%	25,525	20,924	4,120	481	82.0%	83.9%	2.2%	73.3	81.9	1%	18%	81%
Top 1%	1,444	1,134	281	29	78.5%	80.5%	2.5%	72.3	80.3	2%	19%	78%
Married Parents	**63,831**	**43,016**	**19,180**	**1,635**	**67.4%**	**70.0%**	**3.7%**	**63.8**	**67.2**	**2%**	**32%**	**66%**
Bottom 5%	169	21	145	3	12.3%	13.8%	10.9%	—	—	100%	—%	—%
Bottom 5%-20%	1,722	587	1,044	91	34.1%	39.4%	13.4%	22.1	22.9	38%	46%	16%
Second 20%	4,320	2,260	1,858	202	52.3%	57.0%	8.2%	43.5	45.5	4%	63%	33%
Middle 20%	10,146	5,928	3,850	368	58.4%	62.1%	5.9%	53.3	56.2	1%	51%	47%
Fourth 20%	20,003	13,914	5,599	490	69.6%	72.0%	3.4%	65.6	69.1	—%	29%	71%
Top 2%-20%	25,851	19,303	6,104	444	74.7%	76.4%	2.2%	73.5	77.6	—%	19%	81%
Top 1%	1,210	806	392	12	66.6%	67.6%	1.5%	71.4	74.2	—%	28%	72%
Single No Kids	**60,511**	**42,756**	**15,359**	**2,396**	**70.7%**	**74.6%**	**5.3%**	**29.3**	**32.4**	**22%**	**78%**	**—%**
Bottom 5%	2,611	166	2,361	85	6.3%	9.6%	33.8%	—	—	100%	—%	—%
Bottom 5%-20%	10,874	3,618	6,642	614	33.3%	38.9%	14.5%	8.4	8.7	60%	40%	—%
Second 20%	14,066	10,617	2,727	722	75.5%	80.6%	6.4%	29.8	31.7	11%	89%	—%
Middle 20%	14,933	13,002	1,504	427	87.1%	89.9%	3.2%	39.5	42.4	3%	97%	—%
Fourth 20%	11,344	10,012	940	392	88.3%	91.7%	3.8%	41.8	47.8	2%	98%	—%
Top 2%-20%	5,450	4,830	491	130	88.6%	91.0%	2.6%	42.5	52.0	4%	96%	—%
Top 1%	177	157	15	5	89.0%	91.7%	3.0%	41.0	47.8	5%	95%	—%
Single Parents	**21,660**	**12,285**	**8,158**	**1,217**	**56.7%**	**62.3%**	**9.0%**	**26.5**	**30.0**	**25%**	**75%**	**—%**
Bottom 5%	947	84	801	62	8.8%	15.4%	42.5%	—	—	100%	—%	—%
Bottom 5%-20%	3,853	976	2,537	339	25.3%	34.1%	25.8%	5.9	6.3	66%	34%	—%
Second 20%	6,162	3,881	1,887	394	63.0%	69.4%	9.2%	29.6	32.0	7%	93%	—%
Middle 20%	5,988	4,071	1,666	252	68.0%	72.2%	5.8%	38.3	42.5	3%	97%	—%
Fourth 20%	3,254	2,345	798	111	72.1%	75.5%	4.5%	41.1	49.3	2%	98%	—%
Top 2%-20%	1,122	831	254	37	74.1%	77.4%	4.2%	41.2	55.3	2%	98%	—%
Top 1%	21	17	4	—	83.0%	83.1%	0.1%	44.6	46.9	—%	100%	—%
Elderly (age 65+)	**54,249**	**13,576**	**39,940**	**733**	**25.0%**	**26.4%**	**5.1%**	**10.9**	**13.8**	**70%**	**23%**	**7%**
Bottom 5%	1,551	27	1,523	2	1.7%	1.8%	7.1%	—	—	100%	—%	—%
Bottom 5%-20%	9,908	594	9,175	140	6.0%	7.4%	19.0%	1.3	1.7	93%	7%	—%
Second 20%	14,946	2,429	12,323	193	16.3%	17.5%	7.4%	4.9	6.9	80%	18%	2%
Middle 20%	10,565	2,781	7,660	124	26.3%	27.5%	4.3%	10.8	15.0	68%	27%	5%
Fourth 20%	8,000	3,370	4,492	138	42.1%	43.9%	3.9%	23.2	28.9	42%	44%	14%
Top 2%-20%	7,039	3,758	3,176	106	53.4%	54.9%	2.7%	35.5	41.9	27%	46%	27%
Top 1%	615	382	226	7	62.1%	63.3%	1.8%	45.1	50.5	22%	37%	41%

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In 2016, of the 258.5 million FIUs age 16 and older:

- 152.7 million FIUs or 59.1% of FIUs were employed (including the self-employed);
- 98.4 million FIUS or 38.1% were not participating in the workforce (neither employed nor actively looking for work); and
- 7.4 million FIUs or 2.9% were unemployed (not employed and had been actively looking for a job for the prior four weeks). The 4.6% unemployment rate shown in the cohort table above is different from this rate, as the rate in the table above represents the unemployed divided by the labor force (those employed and unemployed, excluding those not participating) rather than being divided by all FIUs age 16 and older.

Employed

By family type

Of the 152.7 million FIUs that were employed in 2016, the families without children had the highest employment rates. By family type:

- 41.1 million FIUs or 71% of the married without kids FIUs were employed;
- 43.0 million FIUs or 67% of the married parent FIUs were employed;
- 42.8 million FIUs or 71% of the single without kids FIUs were employed;
- 12.3 million FIUs or 57% of the single parent FIUs were employed; and
- 13.6 million FIUs or 25% of the elderly FIUs were employed.

By income cohort and disability status

Generally, the percentage of FIUs employed increase as we move up the income cohorts; the employment rate climbs from 5.4% in the lowest 5% income cohort to 76.4% in the second highest cohort, and then declines to 72.0% for the top 1% cohort. Of the working age population that was employed in 2016, 3% had a disability.

Not participating (not working, not looking)

By family type

Of the 98.4 million FIUs that were not participating in the workforce in 2016, a plurality (39.9 million FIUs or 41%) were elderly (age 65 and older). The remainder was, by family type:

- 15.8 million married without kids FIUs (27% of their family type) or 16% of the FIUs aged 16 and older that were not participating;
- 19.2 million married parent FIUs (30% of their family type) or 20% of those not participating;
- 15.4 million single without kids FIUs (25% of their family type) or 16% of those not participating; and
- 8.2 million single parent FIUs (38% of their family type) or 8% of those not participating.

By income cohort and disability status

Generally, the rates of FIUs not participating in the labor force decrease as we move up the income cohorts; the rate of those not participating decreases from 91.8% in the lowest 5% income cohort until it reaches 21.8% in the second highest income cohort, and then increases to 26.4% for the top 1% cohort. Of the working age population that was not participating in 2016, 20% had a disability.

Unemployed (not working, actively looking)

By family type

A third of the 7.4 million FIUs who were unemployed were single without kids, while the elderly comprised the fewest number of FIUs unemployed. By family type:

- 1.4 million FIUs or 19% of the FIUs aged 16 and older that were unemployed were married without kids;
- 1.6 million or 22% were married parents;
- 2.4 million or 32% were single without kids; and
- 1.2 million or 16% were single parents; and
- 0.7 million or 11% were elderly.

By income cohort and disability status

Generally, the rate of FIUs unemployed decreases as we move up the income cohorts; the unemployment rate (the percentage of the FIUs age 16 and older that are unemployed) jumps from 2.8% for the lowest 5% income cohort to 4.5% for the second lowest income cohort, and then decreases for each cohort through the top 1% cohort where the unemployment rate is 1.5%. Of the working age population that was unemployed in 2016, 7% had a disability.

Workweek

In 2016, the workweek averaged 39.3 hours for all FIUs. The number of hours in a workweek generally rises with incomes, ranging from zero for the bottom 5% income cohort to 70.7 hours among the second highest cohort, and then decreasing to 69.0 hours for 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)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Percentage of roads in unsatisfactory condition by type:							
Interstates [1]	3%	3%	3%	3%	—ppt	—ppt	—ppt
Other freeways and expressways	9%	8%	8%	7%	1ppt	1ppt	2ppt
Other principal arterials	14%	14%	13%	12%	—ppt	1ppt	2ppt
Minor arterials	19%	20%	17%	14%	(1)ppt	2ppt	5ppt
Major collectors	22%	22%	19%	16%	—ppt	3ppt	6ppt
Collectors	51%	52%	54%	47%	(1)ppt	(3)ppt	4ppt
Percentage of bridges structurally deficient [2]	9%	10%	11%	13%	(1)ppt	(2)ppt	(4)ppt
Percentage of bridges functionally obsolete [3]	na	14%	14%	15%	—ppt	—ppt	—ppt
Hours of delay per commuter per year	na	na	41	42	na	na	na
Fuel wasted due to commuter delays (billion gallons)	na	na	2.5	2.8	na	na	na
Fuel wasted due to commuter delays, per 100,000 miles (in gallons)	*na*	*na*	*85*	*93*	*na*	*na*	*na*

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1 *Unsatisfactory condition means an International Roughness Index (IRI) value greater than 170, as used by the National Cooperative Highway Research Program (NHCRP). These percentages were derived from https://www.bts.gov/topics/national-transportation-statistics.*

2 *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).*

3 *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 2016, the roads in the worst condition, at 51% 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. Bridges, as of 2016, were 9% structurally deficient and as of 2015 were 14% functionally obsolete, the last available year the data is available.

Road congestion in urban areas is one of the major causes for commuter delays. Hours of delay per commuter per year remained at 42 when comparing 2006 to 2014, the latest date for which data are available. Delays due to congestion decreased during the Great Recession and haves steadily increased since 2010. Fuel wasted due to commuter delays increased 11% from 2006 to 2014, the latest date for which data are available.

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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Rate of poverty of all persons - Official Poverty Measure	13%	14%	15%	12%	(1)ppt	(2)ppt	1ppt
Rate of poverty of all persons - Supplemental Poverty Measure	14%	15%	16%	na	(1)ppt	(2)ppt	na

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na *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) may produce different pictures of who is counted as poor.

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

Poverty profile using Official Poverty Measure (2016)

Family and Individual Unit Sub Group/% of Poverty Threshold %	Average Per Unit				Top Earner Sex		Race, Ethnicity of Unit Head											
	# of Units (in K)	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
All Families	**147,500**	**2.2**	**0.5**	**49.8**	**56%**	**44%**	**79%**	**14%**	**6%**	**2%**	**15%**	**84%**	**82%**	**18%**	**17%**	**21%**	**38%**	**23%**
<100% of poverty threshold	21,316	1.9	0.6	45.6	40%	60%	70%	22%	5%	3%	20%	80%	79%	21%	15%	20%	41%	24%
100%-200%	25,933	2.1	0.6	50.7	49%	51%	76%	17%	4%	2%	20%	81%	78%	22%	16%	21%	40%	23%
200%-300%	24,339	2.1	0.5	49.5	56%	44%	79%	15%	4%	2%	18%	83%	80%	20%	16%	22%	39%	22%
300%-400%	18,971	2.2	0.5	49.3	60%	40%	81%	12%	5%	2%	14%	85%	82%	18%	17%	22%	37%	24%
400%+	56,942	2.3	0.4	50.7	65%	35%	83%	9%	7%	1%	9%	87%	87%	13%	20%	21%	35%	24%
Single No Kids	**50,856**	**1.2**	**—**	**40.6**	**52%**	**48%**	**75%**	**17%**	**6%**	**2%**	**15%**	**86%**	**84%**	**16%**	**18%**	**21%**	**37%**	**24%**
<100% of poverty threshold	10,348	1.1	—	39.8	45%	55%	69%	22%	6%	3%	16%	86%	80%	20%	15%	20%	40%	25%
100%-200%	8,434	1.2	—	40.4	50%	50%	73%	20%	4%	2%	18%	85%	80%	20%	15%	23%	37%	24%
200%-300%	9,454	1.2	—	39.3	52%	48%	76%	18%	4%	2%	17%	87%	82%	18%	17%	24%	39%	21%
300%-400%	6,698	1.2	—	39.8	55%	45%	77%	16%	5%	2%	15%	87%	85%	15%	18%	22%	36%	24%
400%+	15,922	1.2	—	42.2	57%	43%	78%	13%	7%	2%	11%	87%	90%	10%	21%	19%	34%	26%
Single Parents	**14,628**	**2.9**	**1.7**	**35.5**	**24%**	**76%**	**67%**	**26%**	**3%**	**3%**	**24%**	**84%**	**82%**	**18%**	**16%**	**22%**	**41%**	**22%**
<100% of poverty threshold	4,521	3.1	2.0	34.3	14%	86%	63%	30%	3%	4%	28%	80%	78%	22%	14%	22%	43%	22%
100%-200%	3,987	2.9	1.7	35.3	23%	77%	65%	29%	2%	4%	26%	84%	79%	21%	15%	22%	43%	20%
200%-300%	2,499	2.8	1.5	36.8	29%	71%	69%	25%	3%	3%	26%	83%	83%	17%	17%	21%	39%	23%
300%-400%	1,470	2.6	1.4	36.7	32%	68%	74%	20%	4%	2%	22%	88%	86%	14%	16%	22%	38%	24%
400%+	2,151	2.5	1.4	36.2	36%	64%	74%	19%	4%	2%	15%	90%	90%	10%	18%	21%	36%	25%
Married No Kids	**24,271**	**2.4**	**—**	**50.7**	**70%**	**30%**	**84%**	**8%**	**6%**	**1%**	**12%**	**83%**	**82%**	**18%**	**17%**	**21%**	**39%**	**23%**
<100% of poverty threshold	1,028	2.3	—	52.7	57%	43%	79%	12%	7%	2%	20%	76%	77%	23%	15%	16%	47%	23%
100%-200%	1,862	2.3	—	51.8	67%	33%	79%	12%	7%	2%	22%	73%	76%	24%	11%	20%	44%	25%
200%-300%	2,591	2.5	—	50.8	70%	30%	83%	10%	5%	2%	22%	76%	78%	22%	16%	20%	42%	23%
300%-400%	2,846	2.5	—	50.1	69%	31%	81%	10%	6%	2%	17%	79%	79%	21%	14%	21%	43%	23%
400%+	15,944	2.4	—	50.5	72%	28%	85%	7%	6%	1%	8%	87%	84%	16%	19%	22%	37%	22%
Married Parents	**24,661**	**4.2**	**2.0**	**40.4**	**77%**	**23%**	**81%**	**9%**	**9%**	**2%**	**21%**	**75%**	**84%**	**16%**	**17%**	**21%**	**37%**	**26%**
<100% of poverty threshold	1,640	4.8	2.5	37.8	76%	24%	77%	11%	8%	4%	44%	51%	79%	21%	14%	16%	41%	29%
100%-200%	3,760	4.6	2.3	38.4	80%	20%	79%	11%	7%	3%	40%	59%	80%	20%	14%	17%	39%	30%
200%-300%	3,975	4.4	2.0	39.2	79%	21%	80%	10%	7%	3%	28%	72%	81%	19%	15%	20%	40%	26%
300%-400%	3,789	4.2	1.9	40.1	76%	24%	81%	10%	7%	1%	17%	80%	81%	19%	15%	23%	38%	24%
400%+	11,496	4.0	1.8	42.0	75%	25%	82%	6%	10%	1%	10%	83%	88%	12%	19%	23%	35%	24%
Elderly (65+)	**33,085**	**1.7**	**—**	**72.7**	**51%**	**49%**	**85%**	**10%**	**4%**	**1%**	**7%**	**89%**	**79%**	**21%**	**19%**	**22%**	**37%**	**22%**
<100% of poverty threshold	3,778	1.3	0.1	73.6	35%	65%	73%	20%	5%	2%	14%	81%	79%	21%	18%	20%	39%	24%
100%-200%	7,890	1.5	—	74.6	42%	58%	82%	13%	3%	1%	9%	88%	75%	25%	18%	20%	42%	20%
200%-300%	5,820	1.7	—	73.8	50%	50%	87%	10%	3%	1%	6%	90%	77%	23%	18%	24%	39%	19%
300%-400%	4,167	1.8	—	72.5	58%	42%	88%	8%	3%	1%	7%	90%	79%	21%	20%	24%	34%	22%
400%+	11,429	1.9	—	71.0	60%	40%	89%	6%	4%	1%	5%	91%	83%	17%	20%	23%	33%	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 2016, 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 and 2016. Demographically, in 2016:

- *Geographic region* – The region with the highest poverty rate remained the South, at 41% of all FIUs in poverty in 2016.
- *Race and ethnicity* -
  - White people accounted for the largest portion of those in poverty, at 70% of heads of FIUs below the poverty line in 2016, while they represented an even greater portion of heads of all FIUs (79%).
  - Black people were disproportionately represented among the poor, comprising 14% of heads of all FIUs, while representing 22% of heads of FIUs below the poverty line in 2016.
  - 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 20% of the heads of FIUs in poverty in 2016.
- *Sex* - Families where women are the primary earners accounted for 44% of all FIUs in 2016 but 60% of the poor. In particular, women disproportionately supported elderly poor families, where they were head-of-household for 49% of all elderly FIUs but 65% of the elderly poor FIUs. The same was true for families who were married with no kids, where women were head-of-household for 30% of this population but 43% of the subset that was below the poverty line.
- *Family type* – In 2016, by family type, the largest number of people in poverty were single people without kids. Single parents had the highest poverty rate, 31%, 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 (2016)

Family and Individual Unit SubGroup/% of Poverty Threshold [1]	# of Units (in K)	Average Per Unit: Persons	Average Per Unit: Children (Under 18)	Average Per Unit: Age of Unit Head	Top Earner Sex: % Male	Top Earner Sex: % Female	Race, Ethnicity of Unit Head: % White	% Black	% Asian	% Other Race	% Hispanic	% US-Born	% Urban	% Rural	% Northeast	% Midwest	% South	% West
All Families	**147,500**	**2.2**	**0.5**	**49.8**	**56%**	**44%**	**79%**	**14%**	**6%**	**2%**	**15%**	**84%**	**82%**	**18%**	**17%**	**21%**	**38%**	**23%**
<100% of poverty threshold	23,063	1.9	0.5	48.9	45%	55%	71%	20%	7%	2%	22%	77%	84%	16%	16%	18%	39%	27%
100%-200%	41,566	2.3	0.7	48.7	52%	48%	75%	18%	5%	3%	21%	80%	81%	19%	18%	20%	39%	23%
200%-300%	30,548	2.3	0.6	48.4	58%	42%	80%	13%	6%	2%	13%	86%	82%	18%	17%	22%	37%	23%
300%-400%	20,119	2.2	0.4	49.6	61%	39%	83%	10%	6%	1%	9%	89%	82%	18%	18%	23%	36%	22%
400%+	32,205	2.1	0.3	52.6	65%	35%	86%	7%	5%	1%	6%	90%	84%	16%	18%	23%	37%	22%
Single No Kids	**50,856**	**1.2**	**—**	**40.6**	**52%**	**48%**	**75%**	**17%**	**6%**	**2%**	**15%**	**86%**	**84%**	**16%**	**18%**	**21%**	**37%**	**24%**
<100% of poverty threshold	10,056	1.2	—	39.6	50%	50%	69%	22%	7%	2%	18%	82%	84%	16%	15%	18%	39%	28%
100%-200%	13,796	1.2	—	40.7	50%	50%	72%	21%	4%	3%	20%	85%	82%	18%	18%	22%	37%	23%
200%-300%	10,663	1.2	—	39.5	53%	47%	76%	16%	5%	2%	14%	88%	83%	17%	18%	22%	37%	23%
300%-400%	6,831	1.2	—	40.0	52%	48%	79%	13%	6%	2%	9%	89%	86%	14%	19%	22%	35%	24%
400%+	9,508	1.1	—	42.9	57%	43%	82%	10%	6%	2%	9%	89%	86%	14%	19%	22%	36%	23%
Single Parents	**14,628**	**2.9**	**1.7**	**35.5**	**24%**	**76%**	**67%**	**26%**	**3%**	**3%**	**24%**	**84%**	**82%**	**18%**	**16%**	**22%**	**41%**	**22%**
<100% of poverty threshold	3,742	3.0	1.8	34.7	17%	83%	62%	31%	4%	4%	30%	77%	81%	19%	14%	18%	43%	25%
100%-200%	6,468	2.9	1.7	35.5	22%	78%	65%	29%	2%	3%	26%	84%	82%	18%	17%	22%	40%	21%
200%-300%	2,558	2.7	1.5	35.7	31%	69%	74%	20%	3%	3%	19%	89%	81%	19%	15%	25%	39%	21%
300%-400%	1,020	2.6	1.4	36.4	35%	65%	79%	17%	3%	2%	15%	93%	84%	16%	16%	23%	38%	23%
400%+	841	2.5	1.5	37.9	36%	64%	77%	15%	5%	2%	10%	90%	83%	17%	14%	25%	39%	21%
Married No Kids	**24,271**	**2.4**	**—**	**50.7**	**70%**	**30%**	**84%**	**8%**	**6%**	**1%**	**12%**	**83%**	**82%**	**18%**	**17%**	**21%**	**39%**	**23%**
<100% of poverty threshold	1,925	2.4	—	52.3	62%	38%	80%	10%	9%	1%	22%	69%	83%	17%	16%	17%	41%	27%
100%-200%	4,120	2.6	—	51.0	70%	30%	79%	11%	8%	2%	23%	72%	82%	18%	16%	18%	40%	27%
200%-300%	4,648	2.5	—	49.9	69%	31%	81%	11%	7%	1%	14%	82%	82%	18%	17%	20%	39%	24%
300%-400%	4,291	2.4	—	49.7	70%	30%	84%	8%	6%	1%	9%	88%	81%	19%	17%	23%	40%	20%
400%+	9,286	2.3	—	51.0	72%	28%	88%	6	5%	1%	6%	91%	82%	18%	18%	23%	38%	20%
Married Parents	**24,661**	**4.2**	**2.0**	**40.4**	**77%**	**23%**	**81%**	**9%**	**9%**	**2%**	**21%**	**75%**	**84%**	**16%**	**17%**	**21%**	**37%**	**26%**
<100% of poverty threshold	2,014	4.4	2.1	39.6	74%	26%	76%	11%	10%	3%	44%	48%	87%	13%	16%	12%	36%	36%
100%-200%	7,406	4.4	2.1	38.6	79%	21%	78%	11%	8%	3%	33%	65%	83%	17%	17%	17%	38%	28%
200%-300%	6,508	4.2	1.9	40.4	76%	24%	81%	10%	8%	1%	16%	81%	84%	16%	17%	23%	36%	24%
300%-400%	3,839	4.0	1.8	41.1	75%	25%	83%	7%	9%	1%	9%	84%	82%	18%	17%	24%	38%	21%
400%+	4,895	4.0	1.8	43.0	77%	23%	84%	5%	10%	1%	7%	85%	87%	13%	16%	23%	38%	23%
Elderly (65+)	**33,085**	**1.7**	**—**	**72.7**	**51%**	**49%**	**85%**	**10%**	**4%**	**1%**	**7%**	**89%**	**79%**	**21%**	**19%**	**22%**	**37%**	**22%**
<100% of poverty threshold	5,326	1.5	0.1	74.1	40%	60%	77%	16%	5%	2%	13%	82%	82%	18%	18%	19%	38%	25%
100%-200%	9,776	1.6	—	73.9	45%	55%	82%	13%	4%	1%	9%	87%	77%	23%	20%	19%	40%	21%
200%-300%	6,170	1.7	—	72.8	53%	47%	87%	8%	4%	1%	6%	91%	78%	22%	18%	22%	36%	23%
300%-400%	4,139	1.8	—	72.1	58%	42%	88%	7%	3%	1%	5%	92%	77%	23%	19%	26%	33%	22%
400%+	7,674	1.8	—	70.9	62%	38%	92%	5%	3%	1%	3%	93%	80%	20%	18%	25%	35%	22%

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†† *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 2016, demographically:

- *Geographic region* – The region with the highest poverty rate remained the South.
- *Race and ethnicity* - White families accounted for the largest portion, 71%, of FIUs in poverty, in 2016 while they represented a greater portion, 79%, of all FIUs. Black and Hispanic people were disproportionately represented among the poor, comprising 14% and 15% of all FIUs, respectively, in 2016, 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 2016 but 55% of the poor. In particular, women were disproportionately supporting elderly poor families, where they were head-of-household for 49% of all elderly FIUs but 60% of the elderly poor families. The same was true for families who are married with no kids, where women were head-of-household for 30% of this population but 38% of the subset that was below the poverty line.
- *Family type* – In 2016, 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 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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
People in subsidized housing (in thousands)	9,785	9,853	10,099	9,099	(1)%	(3)%	(8)%
People in subsidized housing per 100,000 people	*3,029*	*3,072*	*3,241*	*3,049*	(1)%	*(7)%*	*(1)%*

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The number of people in subsidized housing has generally decreased over the past decade. 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, 31% 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 2016.
- *Race* - Households where the head-of-household is black comprised 43% of the subsidized households in 2016, while households headed by a white person followed at 35%. Over the past decade, the black head-of-household percentage increased 4 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 2016, down from 46% in 2006, while households headed by a person over 62 years old followed at 34% in 2016, up from 31% in 2006.

Consumption

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Total household cash expenditures (consumption) (in billions)	$ 11,819	$ 11,390	$ 10,004	$ 8,893	4%	18%	33%
Cash expenditures per household	*$ 93,937*	*$ 91,422*	*$ 83,417*	*$77,747*	*3%*	*13%*	*21%*
Total household cash expenditures adjusted for inflation (2016 base)	*$ 93,937*	*$ 92,270*	*$ 89,325*	*$92,606*	*2%*	*5%*	*1%*

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One measure of standard of living may be household consumption. Total household cash expenditures have outpaced inflation by just 1% over the past decade. In 2016, our largest household cash expenditures were for healthcare (22% of our expenditures), housing (16%), food (11%), and transportation (9%). The largest dollar increases over the last decade were in healthcare (growth of $1.1 trillion or 57%), food both in and out of the home ($397 billion or 40%), housing ($366 billion or 21%), recreation and entertainment ($154 billion or 27%), and technology ($154 billion or 34%).

As a comparison, medical inflation was 38%, food inflation was 27%, overall inflation was 19%, population growth was 8%, and the median annual wage grew 22% 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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Percent of adults with:							
Asthma [1]	9%	9%	9%	8%	—ppt	—ppt	1ppt
Diabetes [2]	11%	10%	10%	8%	1ppt	1ppt	3ppt
Heavy drinker [3]	7%	6%	7%	5%	1ppt	—ppt	2ppt
Smoker [4]	17%	18%	21%	20%	(1)ppt	(4)ppt	(3)ppt
Exercise 1x/mo + [5]	77%	74%	74%	77%	3ppt	3ppt	—ppt
Obese [6]	30%	30%	28%	25%	—ppt	2ppt	5ppt
Overweight [7]	35%	36%	36%	37%	(1)ppt	(1)ppt	(2)ppt
Low sleep [8]	35%	na	35%	na	na	—ppt	na

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

1 *Individuals who have ever been that they have asthma.*

2 *Individuals who have ever been told by a medical professional that they have diabetes.*

3 *Males having 14+ drinks per week, females having 7+ drinks per week.*

4 *Individuals who smoke cigarettes every day or some days.*

5 *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.*

6 *Individuals with a body mass index (BMI) greater than 29.9.*

7 *Individuals with a body mass index (BMI) between 25.0 and 29.9.*

8 *Individuals who sleep on average less than 7 hours during a 24-hour period.*

Americans are experiencing higher rates of asthma, diabetes, heavy drinking, and obesity 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 (2016)

Family and Individual Unit Sub Group/Income %	Percent of adults who have health condition							
	% Asthma [1]	% Diabetes [2]	% Heavy Drinker [3]	% Smoker [4]	% Exercise 1x / mo + [5]	% Obese [6]	% Overweight [7]	% Low Sleep [8]
All Families	**13.0%**	**9.9%**	**6.5%**	**14.2%**	**78.2%**	**28.8%**	**35.3%**	**32.9%**
Bottom 20% ($0-$9k)	17.1%	16.4%	5.3%	20.9%	66.2%	31.7%	32.4%	35.5%
Second 20% ($9k-$33k)	13.9%	13.3%	6.1%	17.6%	72.1%	30.5%	34.0%	33.9%
Middle 20% ($33k-$63k)	12.7%	9.8%	6.8%	16.0%	77.5%	29.9%	35.3%	33.6%
Fourth 20% ($63k-$116k)	11.8%	7.5%	6.7%	12.2%	82.0%	28.3%	35.9%	32.9%
Top 20% ($116k+)	11.6%	6.3%	7.0%	9.0%	86.1%	25.6%	37.0%	30.2%
Married No Kids	**12.0%**	**8.9%**	**7.0%**	**12.9%**	**81.1%**	**28.8%**	**35.7%**	**31.3%**
Bottom 20%	14.1%	18.0%	6.0%	20.6%	65.4%	35.2%	34.7%	33.0%
Second 20%	12.9%	13.6%	5.5%	16.9%	72.5%	33.6%	36.0%	32.8%
Middle 20%	13.3%	11.3%	5.4%	16.7%	76.0%	32.7%	35.3%	32.3%
Fourth 20%	11.7%	8.5%	6.9%	13.4%	80.8%	29.0%	35.6%	32.5%
Top 20%	11.4%	6.6%	7.8%	10.1%	85.9%	26.1%	36.0%	29.9%
Married Parents	**11.4%**	**4.8%**	**5.1%**	**10.8%**	**82.3%**	**29.2%**	**36.5%**	**33.7%**
Bottom 20%	13.9%	8.2%	2.9%	18.2%	66.7%	34.8%	34.8%	34.7%
Second 20%	12.0%	7.3%	4.2%	16.9%	72.0%	33.4%	34.2%	37.3%
Middle 20%	11.8%	6.6%	4.7%	14.6%	76.7%	32.0%	36.6%	37.1%
Fourth 20%	11.0%	4.5%	5.0%	10.6%	82.8%	30.4%	36.0%	34.2%
Top 20%	11.2%	3.6%	5.7%	7.8%	87.0%	26.1%	37.3%	31.4%
Single No Kids	**15.5%**	**7.9%**	**8.9%**	**20.5%**	**79.2%**	**27.8%**	**32.8%**	**36.6%**
Bottom 20%	19.7%	11.9%	7.1%	26.3%	71.4%	30.9%	30.0%	40.0%
Second 20%	15.5%	8.1%	8.8%	23.4%	76.5%	29.1%	31.7%	37.0%
Middle 20%	13.7%	6.4%	9.8%	19.7%	82.0%	27.8%	33.6%	35.9%
Fourth 20%	13.1%	5.3%	9.5%	15.4%	84.7%	24.4%	34.8%	34.7%
Top 20%	14.7%	5.8%	9.9%	11.9%	87.9%	23.2%	36.4%	33.1%
Single Parents	**16.6%**	**5.8%**	**6.3%**	**21.6%**	**75.7%**	**33.0%**	**30.5%**	**41.0%**
Bottom 20%	21.3%	7.3%	4.5%	26.4%	69.9%	33.7%	28.0%	42.4%
Second 20%	16.9%	5.5%	6.2%	23.8%	73.3%	34.7%	28.2%	41.7%
Middle 20%	14.3%	5.2%	7.4%	20.7%	76.9%	33.1%	31.6%	40.3%
Fourth 20%	14.8%	5.2%	7.2%	15.3%	83.7%	30.8%	34.1%	39.2%
Top 20%	12.3%	5.0%	6.1%	10.9%	83.9%	26.3%	37.8%	40.8%
Elderly (65+)	**12.0%**	**20.1%**	**4.7%**	**9.8%**	**70.5%**	**28.1%**	**37.8%**	**26.8%**
Bottom 20%	14.0%	25.6%	3.6%	13.1%	59.0%	30.6%	35.8%	28.8%
Second 20%	12.3%	22.2%	4.0%	10.4%	67.3%	29.0%	37.5%	27.8%
Middle 20%	11.0%	18.6%	5.2%	9.3%	73.3%	27.7%	38.5%	25.3%
Fourth 20%	10.8%	15.9%	5.9%	7.9%	78.2%	27.3%	38.3%	26.3%
Top 20%	10.9%	14.1%	5.9%	6.4%	82.6%	23.9%	39.8%	24.1%

1 *Individuals who have ever been told that they have asthma.*
2 *Individuals who have ever been told by a medical professional that they have diabetes.*
3 *Males having 14+ drinks per week, females having 7+ drinks per week.*
4 *Individuals who smoke cigarettes every day or some days.*
5 *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.*
6 *Individuals with a body mass index (BMI) greater than 29.9.*
7 *Individuals with a body mass index (BMI) between 25.0 and 29.9.*
8 *Individuals who sleep on average less than 7 hours during a 24-hour period.*

By income cohort, the higher the income, the lower the rates of asthma, diabetes, smoking, obesity, and low sleep, and the higher the rates of heavy drinking, exercise, and being overweight. In 2016, the three conditions where the gap between the lowest and highest income cohorts were greatest (greater than a 10-percentage point delta) were diabetes, smoking, and exercise:

- Within the top income bracket, 6.3% of people reported being diabetic, compared with 16.4% for those in the bottom bracket.
- Smokers accounted for just 9.0% of top earners, compared with 20.9% of those who earn least.
- Those with higher income report exercising more often than the poor, at 86.1% of the top income cohort and 66.2% of the bottom income cohort exercising at least one time per month.

There is no family type that is consistently healthier than the others by all of these measures. The elderly often represent the extremes of these measures in both positive and negative respects; they have the highest rates of diabetes and being

overweight and the lowest rates of heavy drinking, smoking, exercising, and low sleeping. The two conditions where the gap between family types were greatest in 2016 were diabetes and sleeping. Married parents comprised 4.8% of those who reported having diabetes, while 20.1% of the elderly reported having this condition. The elderly accounted for 26.8% of those who slept on average less than seven hours a day, compared with 41.0% of single parents.

Overall, in 2016, 64.1% of Americans were either overweight or obese. The highest rate of obesity was among single parents, while the lowest was among the single with no kids. The highest rate of those overweight was among the 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 all of these measures. The race or ethnicity with the highest and lowest rates of these measures are:

- *Asthma* – highest – black people at 16%, lowest – Hispanic people at 10%
- *Diabetes* – highest – black people at 13%, lowest – Hispanic people at 9%
- *Heavy drinker* – highest – white people at 7%, lowest – black and Hispanic people, both at 5%
- *Smoking* – highest - black people at 17%, lowest – Hispanic people at 10%
- *Exercise* – highest – white people at 80%, lowest – black people at 73%
- *Obese* – highest - black people at 37%, lowest – white people at 28%
- *Overweight (but not obese)* – highest – Hispanic people at 38%, lowest – black people at 34%
- *Low sleep* – highest – black people at 43%, lowest – white people at 31%

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

Longevity and mortality

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Life expectancy at birth (years)	78.6	78.7	78.7	77.8	—%	—%	1%
Average age at death (years)	72.9	73.2	73.0	72.3	—%	—%	1%
Total deaths	2,744	2,713	2,515	2,426	1%	9%	13%
Deaths by leading and other select causes (in thousands):							
Circulatory diseases	841	837	783	828	—%	7%	2%
Cancers	614	612	592	574	—%	4%	7%
Respiratory diseases	266	271	249	227	(2)%	7%	17%
Accidents	161	147	126	122	10%	28%	32%
Mental disorders	133	137	136	92	(3)%	(2)%	45%
Heroin poisoning	16	13	4	2	23%	300%	700%
Other opioid	15	13	12	7	15%	25%	114%
Other synthetic narcotics	20	10	3	3	100%	567%	567%
Firearm deaths	38	36	32	31	6%	19%	23%

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During the periods presented, both life expectancy at birth and average age at death increased by 1%. Life expectancy for males and females, Hispanic people, and non-Hispanic black and white people, all increased, with the largest increase at 2.0 years, for non-Hispanic black males. In 2016, male life expectancy at birth was 76.1 years and female was 81.1 years. For non-Hispanic black people, life expectancy at birth was 74.8 years, while for non-Hispanic white people it was 78.5 years.

The leading causes of death, as shown in the table above, remained the leading causes throughout the periods shown in this report. All leading causes of death have increased over the past decade, but the top two leading causes grew slower than the rate of population growth. 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.

Though also not a leading cause of death, deaths from firearms increased 23% over the past decade. In 2016, 59% of these deaths were suicides, 37% were homicides, and the remainder was not classified. Demographically:

- *Geography* – Metropolitan areas housed 82% of the firearm deaths, while 18% occurred in non-metropolitan areas.
- *Age* – A plurality of firearm deaths occurred for those between ages 20 and 34, at 34% 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 71%, while black people experienced 26% of the deaths.

Healthcare affordability

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Total personal healthcare expenditures (in billions) [1]	$ 3,117	$ 2,968	$ 2,467	$ 1,970	5%	26%	58%
Personal healthcare expenditures per capita	*$ 9,649*	*$ 9,254*	*$ 7,917*	*$ 6,603*	*4%*	*22%*	*46%*
Personal healthcare expenditures adjusted for inflation (medical inflation, 2016 base) (in billions)	*$ 3,117*	*$ 3,071*	*$ 2,852*	*$ 2,715*	*2%*	*9%*	*15%*
Out-of-pocket healthcare expenditures (in billions) [2]	$ 356	$ 341	$ 310	$ 273	4%	15%	30%
Percentage of personal healthcare expenditures paid out-of-pocket	*11%*	*11%*	*13%*	*14%*	*—ppt*	*(2)ppt*	*(3)ppt*
Percentage of disposable income spent on healthcare [3]	22%	21%	21%	19%	1ppt	1ppt	3ppt

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1 *Personal healthcare 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.*

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

3 *See the definition of disposable income at the* Wealth creation *table below.*

Total personal healthcare expenditures rose 58% over the last decade, or 46% per capita. These expenditures increased across all major categories, with the largest dollar increases in hospital ($442 billion or 68% increase), physician and clinical ($232 billion or 53%), and prescription drug ($108 billion or 48%) expenditures.

Private health insurance, Medicare, Medicaid, and individual "out-of-pocket" expenditures (excluding insurance premiums) made up 36%, 22%, 18%, and 11%, respectively, of the total personal healthcare expenditures payment sources in 2016. Personal healthcare expenditures paid "out-of-pocket" grew at the lowest rate (30%), with payments from every other source growing at higher rates (ranging from 38% to 112%), 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 2016, households spent 22% of their disposable income on healthcare. Over the past decade, as a percentage of disposable household income, spending in nearly every major healthcare category increased, with the largest increases in expenditures for hospitals, at a 1.1 percentage point increase, and for pharmaceutical products, at a 0.6 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 home mortgage debt; total giving; the number of associate's degrees granted; reductions in hate crime incidents and housing discrimination complaints; environmental sustainability and self-sufficiency, including reduced emissions and net energy consumption, increased energy consumption from renewable sources and nuclear, and number of days reaching unhealthy level for air quality;
- ***saw no meaningful movement*** in pre-kindergarten to 12th grade enrollment and achievement; and
- ***regressed notably*** in the cost of higher education, the value of real estate assets, rates of return on pension assets, the rate of total government debt as a percent of GDP and per capita, equal employment charges, levels of atmospheric CO_2, the percentage of assessed waters threatened or impaired, and the rates of voting.

Shorter-term trends may differ.

Education

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

Pre-kindergarten to grade 12

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Head Start [1] funded enrollment (in thousands)	916	945	964	909	(3)%	(5)%	1%
Head Start [1] funded enrollment per 10,000 children age birth-5	*460*	*474*	*479*	*456*	*(3)%*	*(4)%*	*1%*
Percentage of 3-5 year-olds enrolled in educational programs:							
Full day	42%	41%	38%	39%	1ppt	4ppt	3ppt
Half day	23%	23%	26%	27%	—pt	(3)ppt	(4)ppt
Percentage of 5- to 17-year-olds enrolled in public elementary and secondary school	na	94%	92%	93%	na	na	na
Rate of high school graduates as percentage of freshman cohort	na	na	80%	na	na	na	na
Percentage of population 25 years and over with a high school diploma or GED (no more or less education)	29%	29%	31%	32%	—ppt	(2)ppt	(3)ppt
% students at or above proficient NAEP [2] reading level							
4th grade	na	36%	34%	na	na	na	na
8th grade	na	34%	34%	na	na	na	na
% students at or above proficient NAEP [2] math level							
4th grade	na	40%	40%	na	na	na	na
8th grade	na	33%	35%	na	na	na	na

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

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

2 *National Assessment of Educational Progress, 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 1% over the past decade. The percentage of children ages three to five that are enrolled in education programs has decreased over the past decade, from 65% to 64%, as 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 2016.

The rate of high school graduates as a percentage of those that began high school increased over the decade, though 2014 through 2016 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 2016, demographically:

- *Sex* – the rates for males and females were similar at 30% and 28% of each population, respectively;
- *Age* – the rates increased with age, with 25- to 34-year-olds at 26%, 35- to 54-year-olds at 27%, and 55-year-olds and older at 32%; and
- *Race and ethnicity* – Asian people have the lowest rate at 19%, followed by people who are non-Hispanic white at 28%, white at 29%, Hispanic of any race at 31%, and black at 34%.

Educational proficiency

The NAEP scores are provided every two years. Between 2005 and 2015, the most comparative years to those reported for which the data is available, the reading and math proficiency rates increased for both 4th and 8th 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)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Average annual cost of undergraduate education, adjusted for inflation [1]	22,852	22,278	20,278	17,845	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	30%	29%	31%	29%	1ppt	(1)ppt	1ppt
Number of associates degrees conferred by postsecondary institutions	1,008	1,014	944	713	(1)%	7%	41%
Percentage of population 25 years and over with a bachelor's degree or higher	33%	33%	30%	28%	1ppt	3ppt	5ppt

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

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

Average annual cost

The average annual cost of undergraduate education, 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 20% growth, respectively. Among the components of the cost of education, tuition and fees and dormitory room costs increased the most, both at 30% growth.

Enrollment

The overall rate of college enrollment by recent high school graduates has remained relatively constant over the past decade. From 2006 to 2016, the rate of enrollment in 4-year institutions rose 4.8 percentage points, while enrollment in 2-year institutions dropped 1.0 percentage point. The rate of male enrollment rose 1.6 percentage points, with enrollment in 4-year institutions increasing 1.3 percentage points and enrollment in 2-year institutions increasing 0.3 percentage points. The rate of female enrollment rose 5.8 percentage points, with enrollment in 4-year institutions increasing 8.0 percentage points and enrollment in 2-year institutions dropping 2.2 percentage points. The rate of college enrollment by students coming from low-, middle-, and high-income families increased by 14.5, 3.6, and 1.8 percentage points, respectively.

Graduation

The rates of graduation from both 4-year and 2-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 2016, 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 72% in 2016, while black people had the lowest rate at 40%.

We do not have data for 4-year institutions in 2006, but we have data for 2007. 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 2016, these rates were 24%, 60%, and 60%, respectively. By race and ethnicity, Asian people enjoyed the highest rate of graduation, at 36% in 2016, while black people had the lowest rate, at 23%.

Over the past decade, graduation rates from 2-year institutions were relatively flat overall. However, the rates increased in nonprofit, for-profit, and public institutions, by 10.5, 2.5, and 2.1 percentage points, respectively. By sex, graduation rates increased 2.1 and 0.4 percentage points among males and females, respectively.

Degrees

Associate's degree

The number of associate's degrees conferred by postsecondary institutions increased 41% over the last decade. In 2016, demographically:

- *Sex* – 39% of the degrees were conferred to males, while 61% were conferred to females; and
- *Race and ethnicity* – a majority (56%) of the degrees were earned by white non-Hispanic students, with the second and third largest populations, Hispanic and black non-Hispanic students, earning 19% and 13% 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 2016, demographically:

- *Sex* – females have a one percentage point higher rate of obtaining master's degrees than males (10% and 9%, respectively), while males have a one percentage point higher rate of obtaining professional and doctorate degrees (2%) than women (1%). Both females and males have the same rate of obtaining a bachelor's degree (21%);
- *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 9% for the lowest and highest age groups and 10% for the middle age group; and
- *Race and ethnicity* – Asian people have the highest rate of both bachelor's and master's degrees at 32% and 17%, respectively, while Hispanic people of any race have the lowest rates at 11% and 4%, respectively.

Education profile (2016)

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.

	Educational Attainment of Unit Head				# of Students in Household (in thousands)				
					Pre-School	K-12		College	
Family and Individual Unit Sub Group/Income %	% Some H.S.	% H.S. Diploma	% Some College	% College Graduate	(All Aged 3+)	Public	Private	Full-Time	Part-Time
All Family and Individual Units	**11%**	**28%**	**29%**	**33%**	**4,869**	**48,643**	**5,580**	**13,836**	**4,791**
Bottom 20% ($0-$9k)	23%	34%	28%	15%	473	5,580	414	2,985	455
Second 20% ($9k-$33k)	13%	36%	32%	19%	652	7,311	539	2,132	847
Middle 20% ($33k-$63k)	9%	30%	31%	30%	928	10,183	879	2,107	905
Fourth 20% ($63k-$116k)	6%	24%	29%	41%	1,225	12,082	1,386	2,778	1,265
Top 20% ($116k+)	2%	16%	23%	59%	1,554	13,019	2,330	3,650	1,283
Single No Kids	**9%**	**28%**	**31%**	**33%**	**—**	**694**	**43**	**5,540**	**1,559**
Bottom 20%	17%	33%	33%	18%	—	245	16	2,396	265
Second 20%	10%	35%	35%	20%	—	151	8	1,371	497
Middle 20%	6%	27%	31%	36%	—	159	7	810	365
Fourth 20%	3%	18%	25%	53%	—	108	9	585	318
Top 20%	2%	12%	21%	64%	—	29	3	262	142
Single Parents	**18%**	**31%**	**33%**	**18%**	**1,361**	**16,426**	**1,041**	**1,282**	**552**
Bottom 20%	37%	33%	23%	7%	370	4,165	275	295	81
Second 20%	15%	39%	36%	10%	430	4,638	284	350	171
Middle 20%	9%	30%	39%	21%	352	4,595	263	342	154
Fourth 20%	5%	20%	33%	42%	156	2,098	160	196	111
Top 20%	5%	13%	26%	56%	38	667	53	92	28
Married No Kids	**7%**	**28%**	**28%**	**36%**	**—**	**668**	**107**	**3,345**	**1,059**
Bottom 20%	22%	36%	24%	17%	—	24	7	101	20
Second 20%	16%	36%	27%	21%	—	44	4	151	36
Middle 20%	14%	35%	30%	22%	—	107	11	382	95
Fourth 20%	7%	34%	30%	29%	—	192	18	912	325
Top 20%	2%	20%	27%	51%	—	296	65	1,775	575
Married Parents	**9%**	**21%**	**27%**	**43%**	**3,447**	**29,811**	**4,287**	**3,101**	**1,153**
Bottom 20%	24%	34%	26%	15%	94	934	94	129	31
Second 20%	27%	32%	25%	16%	212	2,287	230	157	60
Middle 20%	17%	33%	30%	19%	554	5,114	574	479	197
Fourth 20%	8%	23%	33%	36%	1,062	9,463	1,182	946	409
Top 20%	2%	12%	21%	66%	1,503	11,833	2,183	1,374	453
Elderly (age 65+)	**13%**	**31%**	**25%**	**30%**	**61**	**1,043**	**103**	**568**	**427**
Bottom 20%	26%	35%	23%	16%	9	211	22	66	58
Second 20%	12%	37%	27%	23%	10	192	12	103	83
Middle 20%	8%	30%	27%	34%	23	208	24	94	93
Fourth 20%	6%	25%	26%	44%	7	220	18	139	102
Top 20%	3%	17%	24%	56%	13	194	27	148	85

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In 2016, 33% 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% of the heads of these households having graduated college. The least likely are single parents, at 18% having graduated college. The highest-educated group are married people with 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 37% have only some high school education.

Wealth and savings

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

Wealth creation

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Rate of savings as a percentage of disposable income [1]	13%	14%	13%	9%	(1)ppt	—ppt	4ppt
Total household financial assets (primarily at market value) (in billions)	$ 78,420	$ 74,093	$ 56,081	$ 51,935	6%	40%	51%
Average financial assets (per household)	*$ 623,276*	*$ 594,705*	*$ 467,624*	*$ 454,042*	*5%*	*33%*	*37%*
Average financial assets adjusted for inflation (2016 base)	*$ 623,276*	*$ 600,224*	*$ 500,740*	*$ 540,819*	*4%*	*24%*	*15%*
Homeownership rate (as a percentage of households)	64%	64%	66%	69%	—ppt	(2)ppt	(5)ppt
Average real estate assets (per household)	$ 207,062	$ 196,193	$ 150,727	$ 218,212	6%	37%	(5)%
Average real estate assets adjusted for inflation (2016 base)	*$ 207,062*	*$ 198,014*	*$ 161,401*	*$ 259,917*	*5%*	*28%*	*(20)%*
Average home mortgage debt (per household)	$ 77,769	$ 76,919	$ 81,531	$ 86,912	1%	(5)%	(11)%
Average home mortgage debt adjusted for inflation (2016 base)	*$ 77,769*	*$ 77,633*	*$ 87,305*	*$ 103,523*	—%	*(11)%*	*(25)%*

† *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 2016, as that is the latest date for which comprehensive Government-wide financial data is available.*

[1] *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 higher wages and salaries (33% increase) and government benefits (71% increase), as well as due to retirement benefit distributions (44% increase) and sole proprietor/partnership income (36% increase). See analysis of the taxable components of income in *Revenues*, *Federal individual income tax revenue* above. Expenditures increased primarily in the categories of health (57% increase), food (40% increase), and housing (21% increase).

Total and average (per household) financial assets (excluding real estate) increased over the past decade, 51% and 37%, respectively. Total household financial assets increased $26.5 trillion, primarily reflecting increases in pension entitlements ($8.8 trillion), corporate equities ($4.9 trillion), time and savings deposits ($3.7 trillion), and mutual fund shares ($3.3 trillion). Average household financial assets increased at a lower rate than total household financial assets due to a 10% increase in the number of households.

In 2016, 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 7.1 percentage points in the West, and the lowest decrease was at 4.2 percentage points in the Midwest;
- *By race and ethnicity*, the largest decrease was among black people at 7.3 percentage points, and the lowest decrease was among Hispanic people of any race at 2.7 percentage points; and
- *By income group*, the rate of decrease was 6.6 percentage points among households with family income greater than or equal to the median family income and 3.8 percentage points among households with family income less than the median.

Average real estate assets (not included in financial assets) per household decreased 5% over the past decade, while average mortgage debt decreased 11%. However, since 2012, average real estate asset values per household have been climbing, and since 2015, average home mortgage debt per household has been climbing. In 2016, average real estate assets less average mortgage debt per household was $129,293.

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
All families	**$ 787**	**$ 95**	**$ 692**	**10.8%**	**5.8%**	**55.4%**
Bottom 20% of income [1]	109	20	90	16.2%	8.0%	32.1%
Second 20% of income [1]	163	34	129	14.6%	7.8%	45.2%
Middle 20% of income [1]	269	62	207	15.3%	7.7%	57.2%
Fourth 20% of income [1]	441	110	374	15.7%	3.9%	64.8%
Top 20% of income [1]	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%

† *Data from the* Survey of Consumer Finances, *The Federal Reserve Board.*

[1] *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 of each age group 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 age cohorts 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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Elderly (65+) poverty rate	9%	9%	9%	9%	—ppt	—ppt	—ppt
Number of active participants in private pension plans (in thousands) [1]	93,851	92,535	90,175	85,751	1%	4%	9%
Active participants in private pension plans as a percentage of the working age population	*45%*	*45%*	*44%*	*44%*	*—ppt*	*1ppt*	*1ppt*
Private retirement plan assets per active participant [1]	$ 91,794	$ 88,123	$ 70,370	$ 66,288	4%	30%	38%
Private retirement plan assets per active participant adjusted for inflation (2016 base)	*$ 91,794*	*$ 88,941*	*$ 75,353*	*$ 78,957*	*3%*	*22%*	*16%*
Rate of return earned by pension plans with 100 or more participants	6.9%	0.2%	5.4%	12.5%	6.7ppt	1.5ppt	(5.6)ppt
Number of active participants in 401(k) type private pension plans (in thousands) [1]	67,121	65,307	61,371	58,351	3%	9%	15%
Active participants in 401(k) type private pension plans as a percentage of the working age population	*32%*	*31%*	*30%*	*30%*	*1ppt*	*2ppt*	*2ppt*
401(k) type private retirement plan assets per active participant [1]	$ 70,596	$ 67,099	$ 51,276	$ 47,441	5%	38%	49%
401(k) type private retirement plan assets per active participant adjusted for inflation (2016 base)	*$ 70,596*	*$ 67,722*	*$ 54,907*	*$ 56,508*	*4%*	*29%*	*25%*
Rate of return earned by 401(k) type plans with 100 or more participants	7.6%	0.1%	0.9%	12.4%	7.5ppt	6.7ppt	(4.8)ppt

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[1] *Active participants include any workers currently in employment covered by a plan and who are earning or retaining credited service under a plan. This category includes any nonvested former employees who have not yet incurred a break in service. Active participants also include individuals who are eligible to elect to have the employer make payments to a Code section 401(k) plan.*

The rate of the elderly in poverty, 9%, is equal to the rate of a decade ago. In 2016, by sex, the rate of poverty was higher among female elderly, at 11% of the respective population, than among male elderly, at 8% of the respective population. The poverty rates of elderly black, Hispanic, and non-Hispanic white people were 19%, 17%, and 7% in 2016, a decrease of 4, 2, and zero percentage points, respectively, since 2006.

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 21% increase in active participation in defined contribution plans, offset in part by a 30% 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. In 2016, average pension plan assets per active participant amounted to $91,794 in all private pension plans and $70,596 in 401(k) type plans. Annual rates of return on private pension plan assets were lower in 2016 than a decade ago, at 7.2% for all private pension plans and 7.6% for 401(k) type plans in 2016, compared to 12.4% for both private pension plans and 401(k) type plans in 2006. For comparative purposes, using beginning and ending federal fiscal year (October 1 to September 30) closing prices, the S&P 500 produced a 12.9% return in 2016 and an 8.7% return in 2006.

Government obligations

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Total Government debt held by the public as % of GDP	87%	87%	81%	49%	—ppt	6ppt	38ppt
Total Government debt held by the public per person	*$ 50,800*	*$ 48,001*	*$ 40,150*	*$ 25,290*	*6%*	*27%*	*101%*

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Total Government debt held by the public as a percentage of GDP increased 38 percentage points over the last decade, with Government debt held by the public increasing 141%, while GDP increased 35%. Per person in the US, total Government debt held by the public increased 101%. 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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Energy							
Primary energy consumption (quadrillion Btu) [1]	98	98	97	99	—%	1%	(1)%
Energy consumption from renewable sources and nuclear (quadrillion Btu)	19	18	17	15	6%	12%	27%
Net consumption of energy (quadrillion Btu)	13	9	19	29	44%	(32)%	(55)%
Spot price of West Texas Intermediate (WTI) crude oil per barrel	$43.29	$48.66	$94.88	$66.05	(11)%	(54)%	(34)%
Spot price of Henry Hub natural gas per million Btu	$ 2.51	$ 2.63	$ 4.00	$ 6.74	(5)%	(37)%	(63)%
Coal prices per short ton	na	na	$ 36.91	$ 25.16	na	na	na
Water							
Water use per day (billions of gallons)	na	322	na	na	na	na	na

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

1 *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 renewable energy consumption increased 3.6 quadrillion Btu or 55% and consumption of nuclear electric power increased 212 trillion Btu or 3%. By source, over the past decade:

- *Fossil fuels* - Consumption of coal and petroleum decreased (8.2 quadrillion Btu or 37% and 3.8 quadrillion Btu or 10%, respectively) while consumption of natural gas increased (6.2 quadrillion Btu or 28%). The price of a barrel of crude oil dropped 34% in the past decade, while the price of natural gas dropped 63%. Coal prices were not reported for 2016 or 2015, but they increased 47% between 2006 and 2011 (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 397 trillion Btu or 14%), with wind increasing the most (1.8 quadrillion Btu or 695%) followed by biofuels (1.5 quadrillion Btu or 198%). 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 574 trillion Btu or 15%.

Over the past decade, we have increased our energy self-sufficiency, decreasing our net consumption of energy from 29 quadrillion Btu in 2006 to 13 quadrillion Btu in 2016. Our production of all sources of energy increased and our consumption decreased. In 2016 as compared to 2006, we imported 21% fewer barrels of crude oil.

Water use

Water use data is not available for certain recent years and is only produced every five years. However, between 2005 and 2015, the latest ten-year period the data was available, water use declined by 88 billion gallons per day or 21%. All major use categories saw declines over this ten-year period, except mining where water use increased 4%. The largest gallon and percentage decrease was for thermoelectric power, for which water use decreased 68 billion gallons per day or 34% over ten years.

Environment quality and violations

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Air							
Emissions (million metric tons of CO_2 equivalents)	6,511	6,638	6,771	7,252	(2)%	(4)%	(10)%
Atmospheric CO_2 (parts per million)	404.2	400.8	391.7	381.9	1%	3%	6%
Number of days reaching "unhealthy for sensitive groups" level or worse air quality [1]	697	706	1,253	1,723	(1)%	(44)%	(60)%
Air violations (facilities)	2,292	1,280	6,957	na	79%	(67)%	na
Water							
Percentage of assessed waters threatened or impaired [2]:							
Bays and estuaries	82%	na	na	32%	na	na	50ppt
Wetlands	46%	na	na	30%	na	na	16ppt
Lakes, reservoirs, and ponds	71%	na	na	58%	na	na	13ppt
Rivers and streams	42%	na	na	45%	na	na	(3)ppt
Drinking water violations (facilities)	50,113	50,490	60,376	na	(1)%	(17)%	na
Other							
Hazardous waste violations (facilities)	10,135	10,615	13,320	na	(5)%	(24)%	na
Pesticide violations (number of federal violations)	1,142	1,199	1,431	na	(5)%	(20)%	na

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1 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 ($PM_{2.5}$) combined was unhealthy for sensitive groups or above. A number of factors influence ozone formation, including emissions from cars, trucks, buses, power plants, and industries, along with weather conditions. Weather is especially favorable for ozone formation when it's hot, dry and sunny, and winds are calm and light. Fine particle pollution can be emitted directly from cars, trucks, buses, power plants and industries, along with wildfires and woodstoves. But it also forms from chemical reactions of other pollutants in the air.

2 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.

Air

Emissions (CO_2 equivalents) decreased over the past decade. By emission type, carbon dioxide(CO_2) and methane emissions decreased by 12% and 5%, respectively, while nitrous oxide and fluorinated gas emissions increased 1% and 20%, respectively. Overall emissions decreased in every sector (including electricity generation, industrial, transportation, and residential) over the last decade except commercial (7% increase) and agriculture (5% 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.

Despite decreased emissions in the US, atmospheric CO_2 as measured from the Mauna Loa Observatory, has increased consistently. The number of days the air was considered unhealthy for sensitive groups decreased over the past decade. In 2016, the city with the highest number of unhealthy air days was Los Angeles (108 days, as compared to 124 days in 2006). Orlando had only one unhealthy air day in 2016, as compared to 23 unhealthy air days in 2006. Unhealthy air days are generally caused by emissions from cars, trucks, buses, power plants, and industries, along with wildfires and woodstoves.

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 have decreased over the past decade but increased in 2016.

Water

The percentage of assessed waters found to be threatened or impaired is reported every two years. Comparing 2016 to 2006, the percentage of threatened or impaired waters decreased for rivers and streams but increased for bays and estuaries, wetlands, lakes, reservoirs, and ponds. 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).

Regarding drinking water violations, both the number of facilities inspected and the number of violations appear to be decreasing.

Agriculture

(in millions of metric tons, unless otherwise noted)	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Crops harvested (in millions of acres)	323	323	311	312	—%	4%	*4%*
Crops harvested per 1,000 acres of cropland	*961*	*958*	*948*	*945*	—%	*1%*	*2%*
Crop failures (in millions of acres)	7	7	13	11	—%	(46)%	(36)%
Domestic production of grains and soy	513	470	420	375	9%	22%	37%
Domestic consumption of grains and soy	394	378	353	309	4%	12%	28%
Excess of grains and soy production over consumption	119	92	67	66	29%	78%	80%
Domestic production of meat and poultry	41	40	42	40	3%	(2)%	3%
Domestic consumption of meat and poultry	36	36	36	37	—%	—%	(3)%
Excess of meat and poultry production over consumption	5	4	6	3	25%	(17)%	67%

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Over the past decade, crops harvested, absolute and per acre, increased, while crop failures decreased. 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 opportunity for economic mobility, civil rights, and democratic and community participation in the US.

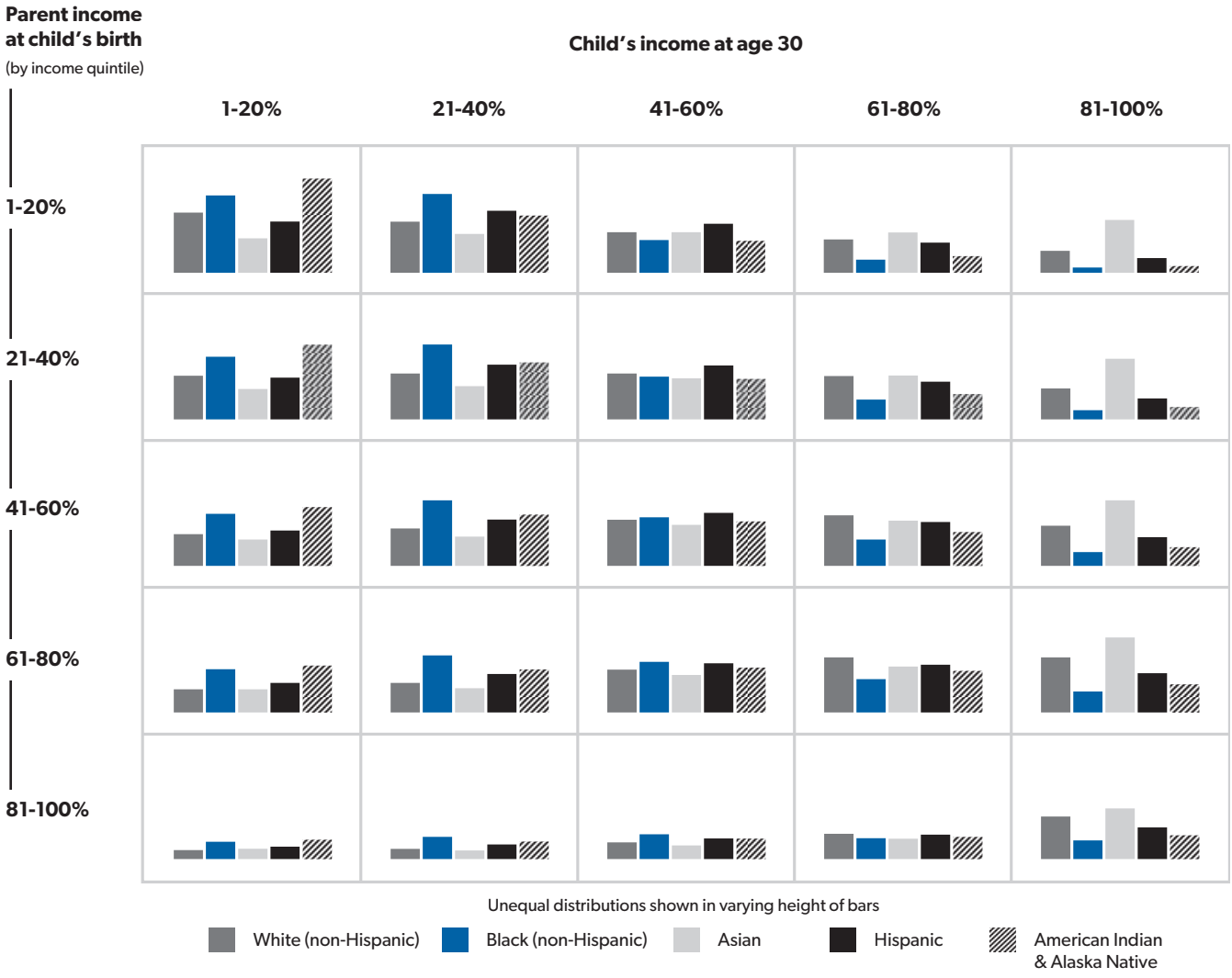
Economic mobility

Our Government seeks to equalize economic mobility opportunity in the US, where each 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 and ethnicity.[39] Looking at the bottom quintile alone shows how both income and race/ethnicity can impact a child's likelihood of moving up. On average, among kids born into the bottom quintile:

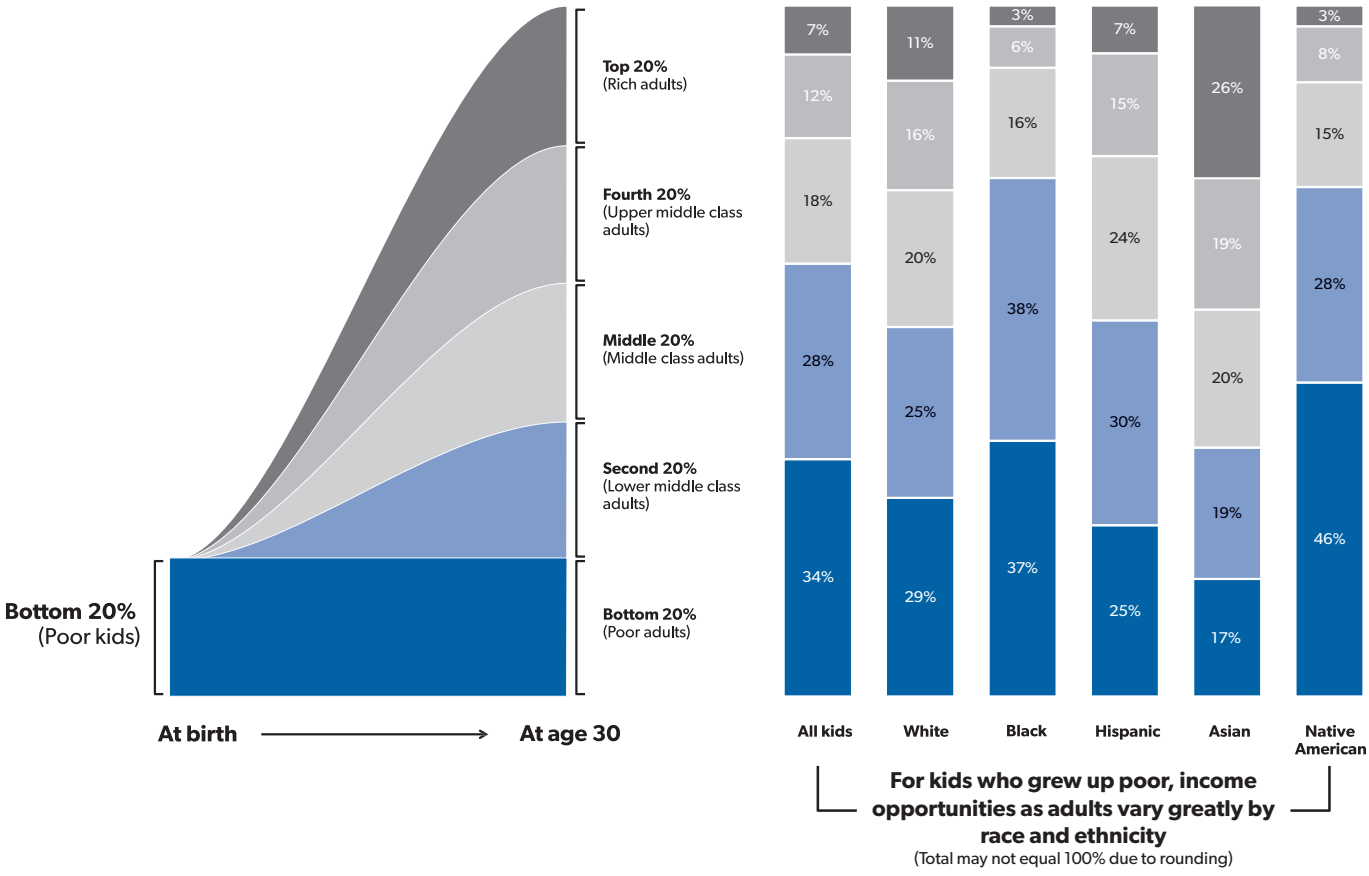
- Asian kids have an 83% chance of moving up;
- Hispanic kids have a 75% chance of moving up;
- White (non-Hispanic) kids have a 71% chance of moving up;
- Black (non-Hispanic) kids have a 63% chance of moving up; and
- American Indian and Alaskan Native kids have a 55% chance of moving up.

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



What economic mobility looks like for children in poverty

Poor kids who start out in the bottom 20% have a certain likelihood to "move up" to higher income levels as adults depending on many factors including race and ethnicity.



Civil rights

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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Hate crime incidents	6,121	5,850	6,222	7,722	5%	(2)%	(21)%
Hate crime incidents (per 1 million people)	*19*	*18*	*20*	*26*	*6%*	*(5)%*	*(27)%*
Equal employment charges	91,503	89,385	99,947	75,768	2%	(8)%	21%
Equal employment charges (per 1 million employees)	*604*	*601*	*715*	*525*	*-%*	*(16)%*	*15%*
Equal employment charges (per 1 million job openings)	*6,949*	*6,965*	*8,595*	*5,375*	*-%*	*(19)%*	*29%*
Housing discrimination complaints	8,385	8,246	9,354	10,328	2%	(10)%	(19)%
Housing discrimination complaints per housing unit	*62*	*61*	*71*	*82*	*2%*	*(13)%*	*(24)%*
Health discrimination investigations	na	1,089	3,897	2,471	na	na	na
Health discrimination investigations per 1,000,000 people	*na*	*3*	*13*	*8*	*na*	*na*	*na*

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Civil rights outcomes have been mixed over the past decade. Overall, reports of hate crime incidents decreased over the past decade across every category except for multiple bias crimes. Race, ethnicity, and ancestry crimes reported decreased at the highest rate at 30%. Overall reported hate crimes reversed trend in 2016, increasing 5%. Hate crimes increased in 2016 across every category except for disability crimes. Multiple bias crimes increased at the highest rate of 81%.

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 generally decreased over the decade included in this report.

Democratic participation

Our Government seeks to encourage civic participation, including voting. 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 of voting age, the registered proportion was 70%. That level has changed little since 1996 but is down from a peak of 75% in 1992.

	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
Rate of voting per registered voter	*87%*	*87%*	*90%*	*88%*	*—ppt*	*(3)ppt*	*(1)ppt*

† *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 2016, 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. 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	(5)ppt	(3)ppt
Rate of voting per registered voter	*65%*	*70%*	*71%*	*69%*	*(5)ppt*	*(6)ppt*	*(4)ppt*

† *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 2016, 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 at 36% in 2014.

Community participation

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

	2016	2015	2011	2006	Change 2016 vs. 2015	Change 2016 vs. 2011	Change 2016 vs. 2006
Volunteering rate	na	25%	27%	27%	na	na	na
Median volunteer hours per year	na	52	51	52	na	na	na
Total giving (in millions, for tax years)	$233,867	$221,850	$174,474	$186,647	5%	34%	25%
Total giving adjusted for inflation (base 2016)	*$ 233,867*	*$223,909*	*$ 186,830*	*$ 222,319*	*4%*	*25%*	*5%*
Total giving per $100,000 of Adjusted Gross Income	*$ 229*	*$ 217*	*$ 208*	*232*	*6%*	*10%*	*(1)%*

† *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 2016, 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.*

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

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. Data for 2016 was not available at the time of this report's release. 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. Men who volunteered were most likely to engage in general labor (12%); coach, referee, or supervise sports teams (9%); or collect, prepare, distribute, or serve food (9%). Female volunteers were most likely to collect, prepare, distribute, or serve food (13%); tutor or teach (11%); or fundraise (10%). Though the portion of the population volunteering decreased, the median number of volunteer hours per year remained consistent between 2006 and 2015. 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 $234 billion in charitable deductions in tax year 2016, an average of $6,332 per tax return with claims. This is compared with $187 billion in charitable deductions, an average of $4,504 per tax return, in 2006. Charitable deductions generally increase as income increases. By income cohort:

- the group with the greatest aggregate dollars claimed and number of associated tax returns in both 2016 and 2006 were those with AGI between $100,001 and $200,000, who claimed an aggregate of $53 billion in charitable deductions in 2016, or an average of $4,260 per tax return, and an aggregate of $38 billion in 2006, or an average of $3,899 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 $43 billion in charitable deductions in 2016, or an average of $2.8 million per tax return.

Financial condition[40]

Liquidity and capital resources

Cash and other monetary assets

Our Government's cash and other monetary assets increased $179 billion or 18% in 2016 to $1,201 billion, including $468 billion of federal funds and $733 billion of state and local funds.

Cash and other monetary assets increased $163 billion or 53% at the federal level, primarily relating 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.

Cash and other monetary assets increased $16 billion or 2% at the state and local government level, primarily reflecting a $17 billion or 3% increase in non-pension cash and other monetary asset balances.

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 decreased $66 billion or 1% in 2016 to $4,531 billion. Of the total decrease, state and local investments decreased $70 billion, while federal investments increased $4 billion. At the state and local level, there was a $50 billion decrease in investments of pension assets, which are not considered liquid assets our Government can use for general operations, as well as a decrease of $20 billion related to non-pension assets, reflecting a decrease of $28 billion in agency and GSE-based securities.

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 93% and 91% of our Government's total revenues for 2016 and 2015, 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 $1,015 billion, or 7%, in 2016 to $16,411 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 $13,326 billion at September 30, 2016.

Foreign governments and other overseas entities top the list of holders of federal debt securities, owning $6,006 billion or 42% of the total federal debt held by the public at September 30, 2016. That proportion has fluctuated over the years and was 43% in 2006. The biggest foreign holders of total federal debt in 2016 were Japan, holding $1,091 billion or 8%, and China with $1,058 billion or 7%, of the balance.

The second-largest category of investors in Treasury securities are American households and businesses, which owned $4,654 billion at September 30, 2016, or 32% 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 $2,844 billion at September 30, 2016 from $779 billion at September 30, 2006, 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 $3,085 billion at September 30, 2016.

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 $5,472 billion in federal intergovernmental debt outstanding at September 30, 2016, 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 ($2,843 billion) and Medicare ($256 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, 2016:

(In billions)	2017	2018-2019	2020-2021	Thereafter	Total
Long-term debt: [1]					
Federal government Treasury securities principal payments	$ 3,514	$ 3,275	$ 2,406	$ 4,082	$ 13,277
Federal government Treasury securities interest payments [2]	415	371	272	1,179	2,237
State and local government principal payments [3]	*	*	*	*	3,085
Federal government long-term operating leases [4]	*	*	*	*	38
Federal undelivered orders [5]	*	*	*	*	971
Federal other commitments [6]	*	*	*	*	550
Total contractual obligations	$ 3,929	$ 3,646	$ 2,678	$ 5,261	$ 20,158

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

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

2 *These amounts represent estimates of the amounts due for interest on federal government debt obligations. We calculated the interest payments using the September 2016 Monthly Statement of the Public Debt report from the Treasury (found at https://www.treasurydirect.gov/govt/reports/pd/mspd/2016/2016_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, 2016, and grouped to arrive at the estimated interest payments for the years presented.*

3 *This amount represents total state and local government debt outstanding on the 2016 balance sheet. We are not aware of an aggregated source that provides the amount of principal debt payments in each of the years shown above. This amount does not include expected interest on the state and local government debt obligations as we are not aware of an aggregated source for this data.*

4 *This amount represents the federal long-term operating leases at September 30, 2016 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.*

5 *This amount represents the federal government undelivered orders at September 30, 2016, 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.*

6 *This amount represents other federal government commitments at September 30, 2016 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 *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, 2016 show net present values of estimated then-future net expenditures for Social Security, Medicare, and other social insurance programs of $14.1 trillion, $32.5 trillion, and $0.1 trillion, 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 $185 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, 2016, the debt subject to the Debt Limit was $20 trillion, but there was no Debt Limit due to Congress' temporary suspension of it. At September 30, 2015, both the Debt Limit and the debt subject to the Debt Limit were $18 trillion. During both fiscal years 2015 and 2016, 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; they do not increase spending or authorize new spending. As of September 30, 2016, and 2015, 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 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 $16,411 billion at September 30, 2016, or 86% of GDP, up from 84% of GDP at September 30, 2015. Total federal debt (including intergovernmental debt) was 75% of GDP, while federal debt held by the public (excluding intergovernmental debt) was 70% of GDP, at September 30, 2016.

The projections in the *Financial Report* at the end of 2016 indicate that the debt-to-GDP ratio was projected to reach 252% in 2091 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 2016 was estimated by the Treasury to require some combination of spending reductions and revenue increases that amount to 2% of GDP over the projection period, an increase of 1% over 2015. 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.