



FALSE PHILANTHROPY?

First Interim Report Concerning Public Disclosures of The Bill, Hillary & Chelsea Clinton Foundation

Important Disclaimer

Information concerning the Bill, Hillary & Chelsea Clinton Foundation (the “Clinton Foundation”) that is analyzed in this First Interim Report (the “First Foundation Report”) is derived only from publicly available primary and secondary sources.

No attempt has been made to verify the accuracy of underlying source material; however, every reasonable effort has been made to direct readers to public filings and other documents evaluated and mentioned in the First Foundation Report.

The analysis contained herein does not constitute expert advice of any kind, whether legal, financial, accounting, policy, or otherwise. Readers are urged to evaluate relevant publicly available facts about The Clinton Foundation, in appropriate context, and to form their own independently derived conclusions.

by

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Gating Questions and Headline Conclusions

Probing Interest in Clinton Foundation financial disclosures was originally sparked by an article written by Nicholas Confessore and Amy Chozick, published in The New York Times on 13 August 2013, and entitled “Unease at Clinton Foundation over Finances and Ambitions”.

<http://www.nytimes.com/2013/08/14/us/politics/unease-at-clinton-foundation-over-finances-and-ambitions.html>

Considering this article now, with the benefit of hindsight and having poured through reams of public filings and comments made by the Clinton Foundation as well as related parties, one wonders how seriously management, directors, and other employees take their manifold legal duties, particularly when it comes to making truthful and complete, rather than untruthful, incomplete, and thereby misleading public disclosures.

Since August 2013, few investigative reporters have dug deeply enough below the surface of Clinton Foundation filings, seeking and finding answers to questions concerning the stated financial performance of significant constituent entities as well as the consolidated whole.

What do Clinton Foundation disclosures tell informed readers about the stewardship of billions of dollars in “charitable contributions” sent to Little Rock, to New York City, to Boston, to London, and to Stockholm from numerous donors with modest means, from wealthy and powerful donors, and from a host of governments and government-connected benefactors?

Did management exercise vigilance to ensure that the Clinton Foundation actually carried out its original and its amended tax-exempt purposes?

Did directors take reasonable care, as fiduciaries, under applicable state, federal, and foreign laws to operate this charity serving, at all times, a public interest?

Are all business arrangements with material “related” parties fully and adequately disclosed in annual, publicly available filings that comparable charities regularly complete on time?

Or, do the Clintons, and others who operate the Clinton Foundation, function as Robin Hood in reverse--do they dupe small, modest income donors to enrich themselves and cronies?

Headline Conclusions of the First Foundation Report

The truth is that it is difficult to perform penetrating analysis of publicly available financial information pertaining to the Clinton Foundation because, so far, it is not even technically complete in numerous material respects.

The numbers that the Clinton Foundation supply to the global public in its legally mandated filings do not add up, are frequently incorrect, and overall appear to be materially misleading.

In numerous cases, the Clinton Foundation appears to have followed inconsistent policies adding in appropriate portions of the various activities it pursued around the world to create "consolidated" financial statements.

In several instances, portions were added only for some of the years in which the entities remained in operation, artificially enhancing purported financial results.

In other cases, important elements of activity were improperly characterized and combined.

Meanwhile, via the internet and using other means, the Foundation solicits donations even though its informational filings are not in compliance with applicable law and regulators at Federal, State, Local, and international levels are not doing what they should do to protect the public.

Why?

And, how long must we wait before regulators at home and abroad remedy rampant and persistent deficiencies in Clinton Foundation operating and disclosure practices.

10 Specific Concerns

In this First Foundation Report, we cover 10 specific concerns about the most recent set of filings for the calendar year ended 31 December 2013 that treat, in insufficient and materially noncompliant detail, the operations of the Clinton Foundation as well as the operations of its largest constituent entity--the Clinton Health Access Initiative, Inc. ("CHAI").

Specific Concern #1: Financial Disclosures for the Clinton Foundation Annual Year 2013 were Filed Significantly Past Deadlines that are Regularly Met by Charities of Comparable Size and Standing.

Tax-exempt organizations such as the Clinton Foundation and CHAI are supposed to file complete returns on IRS Form 990, together with all supporting schedules and attachments as soon as 15 May following completion of a given calendar year. A single three month extension is "automatically" granted; however, the IRS exercises more judgment granting or denying an additional extension past 15 August for calendar year filers.

The Clinton Foundation appears to have filed its Form 990 for 2013 around 14 November 2014--see page 26 at link below.

https://www.clintonfoundation.org/sites/default/files/clinton_foundation_report_public_11-19-14.pdf

During 2014, a year when the Clinton Foundation pursued an aggressive, far-reaching fundraising campaign, potential donors who might have been interested to review legally mandated filings that generally are an essential component of evaluating a charity did not have an extended period of time to do so.

Later sequels to the the First Interim Report will examine whether the Foundation and CHAI filings were complete in all material respects. For now, note that the 2013 Forms 990 were not filed as quickly as they might have been had sufficient attention and resources been applied more diligently.

Specific Concern #2: The Independent "Audit" for the Clinton Foundation was completed 31 Days After the Date When Form 990 was Filed with the IRS.

Tax-exempt organizations as large as the Clinton Foundation was during 2013 are required to obtain and contemporaneously file an independent audit that is performed by an informed, empowered, and experienced firm of accounting professionals. Moreover, multiple questions asked in Form 990 require filers to reconcile entries with key numbers contained in the independent audit.

For calendar year 2013, the PwC audit letter is dated 16 December 2014, and signed at the Little Rock office.

The PwC audit for 2013 is seen on pages 3 through 25 at the link below.

https://www.clintonfoundation.org/sites/default/files/clinton_foundation_report_public_11-19-14.pdf

One substantial concern about the PwC “audit” is whether it even was, in fact, an audit in the commonly understood and true sense of this term.

As the audit letter notes:

“The consolidated financial statements of the Foundation as of December 31, 2012 and for the year then ended were audited by other auditors whose report, dated September 10, 2013, expressed an unmodified opinion on those statements.”

So PwC limits its evaluation as follows:

“...the consolidated financial statements ... present fairly, in all material respects, the financial position of the Bill, Hillary & Chelsea Clinton Foundation at December 31, 2013, [emphasis added] and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America”.

Since PwC did not independently test the opening balance sheet for calendar year 2013, it cannot have truly assessed key financial positions and arrangements, let alone fully understood the long and deeply troubling history of CHAI dating to its formation in Arkansas in September 2009 and of a similarly named predecessor entity.

Furthermore, according to specific disclosures in the audit prepared by PwC, “subsequent events” that may have occurred in 2014 were only evaluated through 5

December 2014 (see the end of Footnote 1), leaving a potentially crucial 11 day period that was explicitly not considered by PwC.

Finally, key sections of IRS Form 990 (See Schedule D, page 4 (page 51 at the above link), Parts XI and XII) are not filled in; so, unless an amended Form was later filed, the Foundation neglected to reconcile its independent audit with information contained in its 2013 Form 990 and failed to correct this material deficiency thereafter.

Specific Concern #3: For 2013, Key “Consolidating” Information for Constituent Clinton Foundation Entities was Prepared by Management and Reviewed by Independent Auditors; However, this Information Appears Deliberately Withheld from Public View.

According to the contents portion of the 2013 PwC audit (see page 4 at the above link), “Consolidating Supplementary Information” was contained on page 23 (Statement of Financial Position) and on page 24 (Statement of Activities).

This key information, that helps a concerned potential donor understand the relative contributions and drains of operating elements within the Foundation, is excluded in the version of the PwC Audit linked above. It is also excluded from the version of the PwC Audit found through the Charity Bureau Search Service in New York State.

http://www.charitiesnys.com/RegistrySearch/search_charities.jsp

(The quickest way to obtain information for relevant Clinton Foundation entities is to enter their Federal Information Numbers. The Clinton Foundation number is 31-1580204. When you reach the directory page for the Clinton Foundation you can find the PwC return by clicking on the 2013 Annual Return link.)

Specific Concern #4: In Relevant Years, the Clinton Foundation either Filed and Obscured Consolidating Financial Information or Elected to Cease Filing Consolidating Financial Information.

For calendar years 2007 through 2011, the Clinton Foundation prepared consolidating financial information that was audited by an independent accounting firm.

This material and important consolidating information appears purposefully obscured in the Financial Report Section for 2007, 2008, 2009, 2010, and 2011, found through the main Clinton Foundation website.

<https://www.clintonfoundation.org/about/annual-financial-reports>

Fortunately, versions of the independent audits for these years that were filed with New York State are complete--subsequent sequels will explain the potential significance of trends seen in these constituent element disclosures.

For calendar year 2012, no consolidating financial information was prepared by management or audited--such information was and is crucially important and highly relevant.

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Specific Concern #5: The Financial Impact of Fund-Raising for the Speakers' Endowment is Not Clearly Delineated and Segregated from Results Shown for Operations.

For 2013, the Foundation reported total inflows of \$294.7 million, total outflows of \$222.6 million, and an increase in net assets of \$72.1 million. A fund-raising effort to create a substantial Endowment was responsible for 81% of the increase in net assets seen during that year.

Table 1: Initial Pro Forma Estimate for 2013 Clinton Foundation Headline Results
Segregating Endowment Fundraising

		Segregate	First
	<u>As Reported</u>	<u>Endowment</u>	<u>Pro Forma</u>
Contributions	198,824,448	-58,763,848	140,060,600
Grants	92,923,660	-	92,923,660
Investment return	719,260	-	719,260
Presidential center	2,814,980	-	2,814,980
Other	2,174,155	-	2,174,155
Change in net assets	<u>-2,715,345</u>	=	<u>-2,715,345</u>
TOTAL INFLOWS	294,741,158	-58,763,848	235,972,310
Program services	196,633,380	-	196,633,380
Management, general	15,633,562	-	15,633,562
Fund-raising	10,129,160	-	10,129,160
Provision	<u>225,000</u>	=	<u>225,000</u>
TOTAL OUTFLOWS	222,621,102	-	222,621,102
CHANGE IN NET ASSETS	72,120,056	-58,763,848	13,351,208

It is not possible, yet, to discern from the 2013 filing how much money was spent, directly and indirectly, to raise funds added to the Endowment. Absent success in Endowment fundraising, the Clinton Foundation's net assets from "normal", ongoing operations appear to have increased only modestly.

Accepting that it is a harsh approach that will need to be adjusted if the Clinton Foundation discloses a breakdown of management, general and fundraising expenses between Endowment and remaining operations, total overheads of \$25.8 million increased, as a percentage of revenue, from 8.74% of \$294.7 million in previously stated total revenues to 10.92% of Clinton Foundation inflows excluding Endowment activities.

Specific Concern #7: Information Contained in the Clinton Foundation Annual Report that Breaks Down Program Expenditures (the Key Element of Activity within Any Tax-Exempt Organization) Contains a Glaring, Material Error Concerning CHAI (the Largest Single Portion of the Clinton Foundation in terms of Regular Financial Inflows and Outflows).

Table 2: Stated and Adjusted Breakdown of Clinton Foundation Program Service Expenditures

	Clinton		As
	<u>Annual</u>	<u>Adjustment</u>	<u>Adjusted</u>
CHAI as stated	127,781,347	-28,647,779	99,133,568
Clinton Global	23,684,078	-	23,684,078
Clinton Presidential	12,288,987	-	12,288,987
Clinton CLimate	8,406,801	-	8,406,801
Clinton Giustra	5,039,288	-	5,039,288
Clinton Development	2,575,401	-	2,575,401
Clinton Health Matters	1,676,729	-	1,676,729
Other programs	15,180,749	-	15,180,749
Total Program Service Expenditures	196,633,380	-28,647,779	167,985,601

<https://www.clintonfoundation.org/sites/default/files/clintonfoundation2013-2014annualreport.pdf>

On page 92 of the 2013 Clinton Foundation Annual Report Brochure (see link above), program expenditures for CHAI are given as being \$127.8 million or 57% of total program expenditures that are shown as being \$222.6 million.

<http://www.clintonhealthaccess.org/files/CHAI%20-%20Consolidated%20Financial%20Statements.pdf>

In reality, CHAI's program expenditures were just \$99.1 million (see page 6 in the link above)--a fact that was known starting 13 May 2014 when the independent audit for CHAI was completed.

The figure cited in the Clinton Foundation Annual Report Brochure improperly includes \$28.6 million (see page 16 of the above link) in agency expenditures made on behalf of the single largest Clinton Foundation counterparty (excluding its bankers)--a special purpose intergovernmental organization called UNITAID.

Starting in 2006, UNITAID sent, by its reckoning in financial statements that are available online, \$566.1 million to CHAI and to a similarly named predecessor initiative of the Clinton Foundation. So far, because of discrepancies, ambiguities, and missing information referenced above, it is not possible to reconcile UNITAID's disclosures with the Clinton Foundation's financial accounts, year by year, from 2006 through 2013.

One further and related concern is that UNITAID agency amounts for 2013 may have also been added to "consolidated" revenues in the PwC "audit" for the most recent available year, improperly inflating consolidated totals and masking the true proportion that overheads represented in that year to recurring revenues from operations.

Specific Concern #7: The Decision to Add Back CHAI's Agency Activities on Behalf of UNITAID is Erroneous and Flatly Contradicts Positions Taken with Regard to CHAI Filings for Each of 2010, 2011, 2012, and 2013.

On 22 November 2013, CHAI refiled its Annual Reports for Calendar Years 2010 and 2011, and also filed its Annual Report for 2012. On 9 September 2014, CHAI filed its Annual Report for 2013.

One key decision explained in each of these filings was to report activity with UNITAID as an agent, and not otherwise.

These actions taken at CHAI level through 9 September 2014, and the starkly conflicting decisions by Clinton Foundation management, directors, and auditors taken subsequently concerning “consolidated” financial statements that do include CHAI as their most financially significant component are erroneous and troubling from numerous perspectives.

Specific Concern #8: In Light of Specific Concerns 1 through 7, the Agreement to Extend Former Clinton Foundation Chief Executive Officer Eric Braverman’s Employment Contract in December 2014) and His Subsequent and Sudden Departure early in January 2015), Just Days Later Arouse Deep Suspicions.

<http://nation.foxnews.com/2015/03/16/so-many-red-flags-why-isnt-irs-auditing-clinton-foundation>

The combination of erroneous, late, and contradictory financial statement filings; coupled with repeated changes in external auditors; and unexplained departure of a talented and highly regarded Chief Executive Officer are factors that raise red flags among experienced financial analysts.

Specific Concern #9 Deficient Control of the Clinton Foundation Poses Significant Risks for Directors

Under state laws, directors of tax-exempt corporations have a raft of solemn governance duties they must perform if they wish to discharge their responsibilities and protect, even enhance, the integrity of their organizations.

With regard to 2013 alone, Clinton Foundation directors, particularly those among them who might be deemed truly “independent” do not seem to have exercised appropriate corrective influence over this far-flung set of charitable entities,.

Table 3: Directors for the Foundation in 2013

		Direct	Other	
	<u>Director</u>	<u>Hours</u>	<u>Hours</u>	<u>Comments</u>
1	Bruce R. Lindsey	45	5	
2	Terence Mcauliffe	5	-	
3	Chelsea V. Clinton	20	5	
4	Eric Braverman	50	-	
5	William J. Clinton	20	5	
6	Hillary R. Clinton	20	5	
7	Frank Giustra	5	-	
8	Rolando G. Bunster	5	-	
9	Eric Goosby	5	-	
10	Hadeel Ibrahim	5	-	
11	Lisa Jackson	5	-	
12	Cheryl Mills	5	-	
13	Cheryl Saban	5	-	
14	Richard Verma	5	-	

Specific Observation #10: CHAI Directors also Appear to Face Substantial Continuing Risks Created by their Deficient Influence over CHAI, and Continuing Failures to Police and Account for Related Party Transactions.

Inside the U.S., the principal CHAI office is domiciled within the state of Massachusetts, where laws concerning the proper operation of tax-exempt organizations are stricter than in other states.

Table 4: Directors for CHAI in 2013

		Direct	Other	
	<u>Director</u>	<u>Hours</u>	Hours	<u>Comments</u>
1	William J. Clinton	1	-	
2	Bruce Lindsey	1	54	
3	Paul Farmer	1	-	
4	Raymond Chamber	1	-	
5	Chelsea Clinton	1	34	
6	Maggie Williams	1	-	
7	Mala Gaonkar	1	-	
8	Tachi Yamada	1	-	
9	Ira Magaziner	50	-	

Subsequent sequels will delve more deeply into many areas, especially including the creation and subsequent failures adequately to control CHAI's extensive international operations.

Additional Background and Concerns

This First Foundation Report inaugurates a more comprehensive review of the Clinton Foundation, testing its performance in performing philanthropy.

Selfless service, advancing true public interests, economically, while righting wrongs, modestly, is the essence of philanthropy.

Across the globe, numerous philanthropists regularly operate to high standards--meeting and even exceeding the letter of laws and regulations designed to ensure that tax-exempt philanthropies neither engage in abusive dealings among interested and connected parties, nor create more than insubstantial private benefits.

Some philanthropies are formed primarily with donations from a limited number of persons and do not make a regular practice of fundraising, either from close contacts or, more broadly, from the general public--these are classified in the United States as "private foundations".

Others solicit frequently and widely, seeking donations from strangers who can be based in any geographic location in the world. These "public charities" are required, particularly under applicable U.S. laws but also under varying foreign legal regimes, to make timely, complete, and regular disclosures explaining their tax-exempt purposes, demonstrating that they exercise diligent care over solicited funds and over their operations, while attempting to prove that they actually meet their stated objectives and work to serve the public interest exclusively.

Considering the special legal context in which entities such as the Clinton Foundation operate, and the unusual and, as yet unmitigated, structural pressures that continue to bear down upon the U.S. and global economies, the First Foundation Report and sequels that soon will follow attempt to evaluate, clinically, whether the Clinton Foundation is, on balance, a force for good.

Important Context Concerning U.S. Public Charities

To reach an informed judgment concerning how a given U.S.-based philanthropy functions, one must understand the history, legislative intent and legal tradition

governing charitable pursuits. One helpful summary, written in 2005, is found at the link below:

<http://www.jct.gov/x-29-05.pdf>

Currently, public charities such as the Clinton Foundation are subject to a variety of tough strictures, as the U.S. Internal Revenue Service makes clear:

“To be tax-exempt under section 501(c)(3) of the Internal Revenue Code, an organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual.”

<http://www.irs.gov/Charities-&Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501%28c%29%283%29-Organizations>

To be organized properly as a tax-exempt corporation:

“The organizing documents must limit the organization's purposes to exempt purposes in section 501(c)(3) and must not expressly empower it to engage, other than as an insubstantial part of its activities, in activities that are not in furtherance of one or more of those purposes.”

[http://www.irs.gov/Charities-&Non-Profits/Charitable-Organizations/Organizational-Test-Internal-Revenue-Code-Section-501\(c\)\(3\)](http://www.irs.gov/Charities-&Non-Profits/Charitable-Organizations/Organizational-Test-Internal-Revenue-Code-Section-501(c)(3))

To be operated in conformity with law:

“An organization will be regarded as operated exclusively for one or more exempt purposes only if it engages primarily in activities that accomplish exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities does not further an exempt purpose.”

[http://www.irs.gov/Charities-&Non-Profits/Charitable-Organizations/Operational-Test-Internal-Revenue-Code-Section-501\(c\)\(3\)](http://www.irs.gov/Charities-&Non-Profits/Charitable-Organizations/Operational-Test-Internal-Revenue-Code-Section-501(c)(3))

So, a tax-exempt corporation can not validly serve changing and vague purposes, particularly if it does not bother to constitute itself within the legal jurisdictions in

which it operates or make truthful and complete informational returns in its interactions with regulators and legal authorities.

Exempt purposes are carefully defined by the IRS:

“The exempt purposes set forth in section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. The term charitable is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.”

[http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exempt-Purposes-Internal-Revenue-Code-Section-501\(c\)\(3\)](http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exempt-Purposes-Internal-Revenue-Code-Section-501(c)(3))

Since formation in 1997, the Clinton Foundation has allegedly changed its principal purpose from being an archival repository based in Little Rock, Arkansas to addressing a more broadly defined suite of global issues in numerous countries.

One overarching, general question is whether the Clinton Foundation validly changed its original tax-exempt purpose between July 2002 and December 2005, as it expanded its focus on addressing the HIV/AIDS pandemic.

Did the Clinton Foundation truthfully and completely disclose the full sweep of its international activities, the extended nature of relationships with partners and contractors in this effort, and the entire financial consequences, particularly those outside the United States with foreign and domestic persons?

As subsequent sequels will make clear, an area of acute, continuing concern is “inurement”—how individuals and other entities may have derived “private benefit” that is more than “insubstantial” through activities in concert and related to those of the Clinton Foundation.

The IRS defines and explains inurement as follows:

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“A section 501(c)(3) organization must not be organized or operated for the benefit of private interests, such as the creator or the creator's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests. No part of the net earnings of a section 501(c)(3) organization may inure to the benefit of any private shareholder or individual. A private shareholder or individual is a person having a personal and private interest in the activities of the organization.”

<http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Inurement-Private-Benefit-Charitable-Organizations>

In detail, later sequels will demonstrate why we suspect private benefits may have inured to the benefit of key Clinton Foundation personnel and question why IRS employees and other functionaries failed to take appropriate disciplinary actions, mandated under prevailing laws.

A second, general area of concern includes the organization, recordkeeping, and disclosure practices followed by the Clinton Foundation from 1997 to the present. Here, additional sequels will cover distinct time periods in detail: (1) formation through 31 December 2005; (2) 31 December 2005 through 21 January 2009; and (3) 21 January 2009 to the present.

Important Context Concerning Clinton Foundation Donors and Solicitation

According to a recent article, the Clinton Foundation claims that 90% of its support comes from donors who give \$100 or less.

<http://www.post-gazette.com/opinion/editorials/2015/04/19/Favored-donors-The-Clintons-make-the-foundation-problem-worse/stories/201504050228>

Extensive data (See Exhibit A), regularly prepared by the U.S. Government suggests, unambiguously, that donors whose incomes fall below levels seen in the top 20% (“quintile”) of American households (“consumer units”) donate a disproportionately high share of their before tax labor incomes to charity.

Moreover, because the bottom 80% of American consumer units saves only small amounts annually, donations for these units form a substantial higher share when measured against savings in a given year.

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While ensuring that Clinton Foundation public disclosures are accurate is important to higher income donors who hope to secure valid tax deductions, it seems even more important, in equity, that the overwhelming mass of the American population evaluates truthful and timely disclosure before parting with sums that are much more material to them, in a financial sense, than they might be to the top quintile.

Exhibit A: The Consumer Expenditure Survey

Information contained in Consumer Expenditure Surveys from 2004 through 2013 (the largest and most recent comparable time period available) is instructive concerning income, spending, and savings patterns of Americans.

Table 5: Consumer Income, Spending, and Savings

<u>Subject</u>	<u>Source</u>
Household Income, Spending, and Saving Data by Quintile for 2004	http://www.bls.gov/cex/2004/aggregate/quintile.pdf
Household Income, Spending, and Saving Data by Quintile for 2005	http://www.bls.gov/cex/2005/aggregate/quintile.pdf
Household Income, Spending, and Saving Data by Quintile for 2006	http://www.bls.gov/cex/2006/aggregate/quintile.pdf
Household Income, Spending, and Saving Data by Quintile for 2007	http://www.bls.gov/cex/2007/aggregate/quintile.pdf
Household Income, Spending, and Saving Data by Quintile for 2008	http://www.bls.gov/cex/2008/aggregate/quintile.pdf
Household Income, Spending, and Saving Data by Quintile for 2009	http://www.bls.gov/cex/2009/aggregate/quintile.pdf
Household Income, Spending, and Saving Data by Quintile for 2010	http://www.bls.gov/cex/2010/aggregate/quintile.pdf
Household Income, Spending, and Saving Data by Quintile for 2011	http://www.bls.gov/cex/2011/aggregate/quintile.pdf
Household Income, Spending, and Saving Data by Quintile for 2012	http://www.bls.gov/cex/2012/aggregate/quintile.pdf
Household Income, Spending, and Saving Data by Quintile for 2013	http://www.bls.gov/cex/2013/aggregate/quintile.pdf

Introduction to the Consumer Expenditure Survey

“The Consumer Expenditure Survey (CE) program consists of two surveys, the Quarterly Interview Survey and the Diary Survey, that provide information on the buying habits of American consumers, including data on their expenditures, income,

and consumer unit (families and single consumers) characteristics. The survey data are collected for the Bureau of Labor Statistics by the U.S. Census Bureau.

The CE is important because it is the only Federal survey to provide information on the complete range of consumers' expenditures and incomes, as well as the characteristics of those consumers. It is used by economic policymakers examining the impact of policy changes on economic groups, by the Census Bureau as the source of thresholds for the Supplemental Poverty Measure, by businesses and academic researchers studying consumers' spending habits and trends, by other Federal agencies, and, perhaps most importantly, to regularly revise the Consumer Price Index market basket of goods and services and their relative importance.”

Source: <http://www.bls.gov/cex/>

Why the Consumer Expenditure Survey is Important

“The information provided by the Consumer Expenditure (CE) survey is invaluable. Although the main use is to update the **Consumer Price Index**, it is also used in many other important ways.

Government and private agencies use the data to look at spending patterns of specific groups of people, such as those over 65, or low-income households. This information is used to make important decisions affecting these groups.

Policymakers use the data to study the impact of policy changes on different socioeconomic groups.

Researchers use the Consumer Expenditure data to look at a wide range of topics. Some of these research studies look at spending behavior of different types of families, spending on various products (including newly-introduced goods and services), and gift-giving behavior. Market researchers find the data useful in analyzing consumer or business interest in groups of goods and services.

Some Uses of CE Data

- Consumer Expenditure Survey data are used to update the Consumer Price Index, the most widely used measure of inflation.
- Consumer Expenditure Survey data are used to determine poverty thresholds for the U.S. Government’s Supplemental Poverty Measure. Find out more at: www.bls.gov/pir/spmhome.htm.

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- The U.S. Department of Agriculture uses Consumer Expenditure Survey data to estimate the cost of raising a child. Policies on foster care and child support are based on the amounts parents spend on healthcare, education, transportation and other expenses for their children.
- The Department of Defense uses Consumer Expenditure Survey data to update cost of living adjustments for military families.
- The Center for Medicare and Medicaid Services uses Consumer Expenditure Survey data to estimate American spending on health care. The Consumer Expenditure Survey measures out-of-pocket expenses for hospital care and is one of the few sources of this important information.
- The Bureau of Economic Analysis uses information from homeowners to measure personal spending for the Gross Domestic Product.”

Source: <http://www.bls.gov/respondents/cex/cevalue.htm>

Exhibit B: Shares of After Tax Income, Spending, and Savings Garnered by the Top Quintile of American Consumer Units, 2004 through 2013

	Aftertax	Top Quintile		Top Quintile		Top Quintile
	<u>Income</u>	<u>Share</u>	<u>Spending</u>	<u>Share</u>	<u>Saving</u>	<u>Share</u>
2004	6,080,045	47.7	5,043,501	38.6	1,036,544	91.98
2005	6,607,632	49.7	5,445,109	39.0	1,162,523	99.82
2006	6,904,872	48.8	5,749,338	38.9	1,155,534	98.06
2007	7,313,389	49.7	5,964,504	39.0	1,348,885	97.01
2008	7,460,402	48.8	6,094,697	38.5	1,365,705	94.77
2009	7,341,782	49.4	5,929,795	38.5	1,411,987	95.18
2010	7,352,682	49.5	5,823,988	38.6	1,528,194	84.51
2011	7,541,821	49.7	6,073,536	38.0	1,468,285	98.10
2012	7,884,230	50.0	6,397,517	38.7	1,486,713	98.60
2013	7,081,792	47.5	6,420,909	38.8	660,883	132.03

Comments

1. After Tax Income, Spending, and Savings amounts are shown in millions of nominal U.S. dollars.
2. Savings is defined as the difference between After Tax Income and Spending.
3. Declines in After Tax Income (down 10.2%) and in Savings (down 55.5%) were substantial in 2013, compared to 2012.

Source

See Exhibit A.

Exhibit C: Shares of Labor Income, Wages, and Self Employment Income Earned by
the Top Quintile of American Consumer Units, 2004 through 2013

	Labor	Top Quintile		Top Quintile		Top Quintile
	<u>Income</u>	<u>Share</u>	<u>Wages</u>	<u>Share</u>	<u>SEI</u>	<u>Share</u>
2004	5,372,253	52.6	5,022,494	51.4	349,759	70.0
2005	5,875,231	54.4	5,432,555	52.8	442,676	74.3
2006	6,147,354	53.3	5,718,640	51.8	428,714	74.6
2007	6,461,232	54.3	6,047,285	52.8	413,947	75.5
2008	6,548,955	54.2	6,160,177	52.9	388,778	74.6
2009	6,406,407	54.9	6,083,327	53.9	323,080	73.7
2010	6,344,601	55.6	6,003,053	54.7	341,548	71.6
2011	6,490,244	55.7	6,090,520	54.2	399,724	78.0
2012	6,798,967	56.0	6,436,072	54.9	362,895	75.5
2013	6,715,999	55.9	6,304,653	54.8	411,346	72.1

Comments

1. Labor Income is the sum of Wages and Self Employment Income--all these amounts are not reduced by taxes..
2. The share of Labor Income earned by the top quintile of American consumer units increased from 52.6% in 2004 to 55.9% in 2013, and averaged 54.7%

Source

See Exhibit A.

Exhibit D: Derivation of Labor Income Aggregates for the Top Quintile and Bottom 80% of American Consumer Units, 2004 through 2013

	Top Quintile			Bottom 80%			Total
	<u>Wages</u>	<u>SEI</u>	<u>LI</u>	<u>Wages</u>	<u>SEI</u>	<u>PI</u>	<u>Multiple</u>
2004	2,581,562	244,831	2,826,393	2,440,932	104,928	2,545,860	1.11
2005	2,868,389	328,908	3,197,297	2,564,166	113,768	2,677,934	1.19
2006	2,962,256	319,821	3,282,077	2,756,384	108,893	2,865,277	1.15
2007	3,192,966	312,530	3,505,496	2,854,319	101,417	2,955,736	1.19
2008	3,258,734	290,028	3,548,762	2,901,443	98,750	3,000,193	1.18
2009	3,278,913	238,110	3,517,023	2,804,414	84,970	2,889,384	1.22
2010	3,283,670	244,548	3,528,218	2,719,383	97,000	2,816,383	1.25
2011	3,301,062	311,785	3,612,847	2,789,458	87,939	2,877,397	1.26
2012	3,533,404	273,986	3,807,390	2,902,668	88,909	2,991,577	1.27
2013	3,454,950	296,580	3,751,530	2,849,703	114,766	2,964,469	1.27

Comments

1. Wages, SEI, and LI are shown in millions of nominal U.S. dollars.
2. Aggregate Labor Income for the top quintile of American consumer units rose from 1.11 times the mean of the bottom 80% in 2004 to 1.27 times in 2013.

Source

See Exhibit A.

Exhibit E: Per Unit Labor Income for the Top Quintile and Bottom 80% of American Consumer Units, 2004 through 2013

	Top Quintile			Bottom 80%			Per CU
	<u>LI</u>	<u>CUs</u>	<u>Per CU</u>	<u>LI</u>	<u>CUs</u>	<u>Per CU</u>	<u>Multiple</u>
2004	2,826,393	23,277	121,424	2,545,860	93,005	27,373	4.44
2005	3,197,297	23,494	136,090	2,677,934	93,862	28,531	4.77
2006	3,282,077	23,796	137,926	2,865,277	95,047	30,146	4.58
2007	3,505,496	24,070	145,638	2,955,736	96,100	30,757	4.74
2008	3,548,762	24,177	146,783	3,000,193	96,593	31,060	4.73
2009	3,517,023	24,196	145,356	2,889,384	96,651	29,895	4.86
2010	3,528,218	24,231	145,608	2,816,383	96,876	29,072	5.01
2011	3,612,847	24,430	147,886	2,877,397	97,857	29,404	5.03
2012	3,807,390	24,942	152,650	2,991,577	99,474	30,074	5.08
2013	3,751,530	25,101	149,457	2,964,469	100,569	29,477	5.07

Comments

1. Labor Income ("LI") is the sum of pretax wages and self-employment income ("SEI").
2. LI is shown in millions of nominal U.S. dollars; consumer units are shown in thousands; LI per consumer unit is shown in nominal dollars per year.
3. From 2004 through 2013, mean LI per consumer unit for the top quintile increased from 4.44 times the mean for the bottom 80% to 5.07 times.

Source

See Exhibit A.

Exhibit F: Per Unit After Tax Income for the Top Quintile and Bottom 80% of
American Consumer Units, 2004 through 2013

	Top Quintile			Bottom 80%			Per CU
	<u>ATI</u>	<u>CUs</u>	<u>Per CU</u>	<u>ATI</u>	<u>CUs</u>	<u>Per CU</u>	<u>Multiple</u>
2004	2,900,181	23,277	124,594	3,179,864	93,005	34,190	3.64
2005	3,283,993	23,494	139,780	3,323,639	93,862	35,410	3.95
2006	3,369,578	23,796	141,603	3,535,294	95,047	37,195	3.81
2007	3,634,754	24,070	151,008	3,678,635	96,100	38,279	3.94
2008	3,640,676	24,177	150,584	3,819,726	96,593	39,545	3.81
2009	3,626,840	24,196	149,894	3,714,942	96,651	38,437	3.90
2010	3,639,578	24,231	150,203	3,713,104	96,876	38,328	3.92
2011	3,748,285	24,430	153,430	3,793,536	97,857	38,766	3.96
2012	3,942,115	24,942	158,051	3,942,115	99,474	39,630	3.99
2013	3,363,851	25,101	134,013	3,717,941	100,569	36,969	3.63

Comments

1. After tax income {"ATI"} is shown in millions of nominal U.S. dollars; consumer units are shown in thousands; and ATI per unit is shown in nominal dollars per year.
2. Per unit ATI for the top quintile climbed from a multiple of 3.64 times the bottom 80% in 2004 to 3.99 times in 2012 , and then dropped back to 3.63 times in 2013.

Source

See Exhibit A.

Exhibit G: Per Unit Spending for the Top Quintile and Bottom 80% of American Consumer Units, 2004 through 2013

	Top Quintile			Bottom 80%			Per CU
	<u>Spending</u>	<u>CUs</u>	<u>Per CU</u>	<u>Spending</u>	<u>CUs</u>	<u>Per CU</u>	<u>Multiple</u>
2004	1,946,791	23,277	83,636	3,096,710	93,005	33,296	2.51
2005	2,123,593	23,494	90,389	3,321,516	93,862	35,387	2.55
2006	2,236,492	23,796	93,986	3,512,846	95,047	36,959	2.54
2007	2,326,157	24,070	96,641	3,638,347	96,100	37,860	2.55
2008	2,346,458	24,177	97,053	3,748,239	96,593	38,804	2.50
2009	2,282,971	24,196	94,353	3,646,824	96,651	37,732	2.50
2010	2,248,059	24,231	92,776	3,575,929	96,876	36,912	2.51
2011	2,307,944	24,430	94,472	3,765,592	97,857	38,481	2.46
2012	2,476,226	24,942	99,279	3,921,291	99,474	39,420	2.52
2013	2,491,313	25,101	99,252	3,929,596	100,569	39,074	2.54

Comments

1. Spending is shown in millions of nominal U.S. dollars; consumer units are shown in thousands; and spending per unit is shown in nominal dollars per year.
2. Per unit spending for the top quintile fluctuated only slightly around an average multiple of 2.5 times spending patterns for the bottom 80% of American consumer units.

Source

See Exhibit A.

Exhibit H: Per Unit Savings for the Top Quintile and Bottom 80% of American Consumer Units, 2004 through 2013

	Top Quintile			Bottom 80%			Per CU
	<u>Savings</u>	<u>CUs</u>	<u>Per CU</u>	<u>Savings</u>	<u>CUs</u>	<u>Per CU</u>	<u>Multiple</u>
2004	953,390	23,277	40,958	83,154	93,005	894	45.81
2005	1,160,400	23,494	49,391	2,123	93,862	23	2,147.43
2006	1,133,086	23,796	47,617	22,448	95,047	236	201.77
2007	1,308,597	24,070	54,366	40,288	96,100	419	129.75
2008	1,294,218	24,177	53,531	71,487	96,593	740	72.34
2009	1,343,869	24,196	55,541	68,118	96,651	705	78.78
2010	1,291,519	24,231	53,300	137,175	96,876	1,416	37.64
2011	1,440,341	24,430	58,958	27,944	97,857	286	206.15
2012	1,465,889	24,942	58,772	20,824	99,474	209	281.21
2013	872,538	25,101	34,761	-211,655	100,569	-2,105	Negative

Comments

1. Savings is shown in millions of nominal U.S. dollars; consumer units are shown in thousands; and savings per unit is shown in nominal dollars per year.
2. The bottom 80% of American consumer units generated little in annual savings from 2004 through 2012--in 2013, the bottom 80% dipped into savings in a major way to cover expenses that were greater than after tax incomes.

Source

See Exhibit A.

Exhibit I: Cash Donations for the Top Quintile and Bottom 80% of American
Consumer Units, 2004 through 2013

	Top Quintile			Bottom 80%			Per CU
	<u>Donations</u>	<u>CUs</u>	<u>Per CU</u>	<u>Donations</u>	<u>CUs</u>	<u>Per CU</u>	<u>Multiple</u>
2004	78,590	23,277	3,376	85,139	93,005	915	3.69
2005	90,961	23,494	3,872	104,235	93,862	1,111	3.49
2006	104,830	23,796	4,405	117,267	95,047	1,234	3.57
2007	102,879	24,070	4,274	116,012	96,100	1,207	3.54
2008	92,906	24,177	3,843	116,815	96,593	1,209	3.18
2009	92,037	24,196	3,804	116,191	96,651	1,202	3.16
2010	80,108	24,231	3,306	117,689	96,876	1,215	2.72
2011	91,962	24,430	3,764	118,478	97,857	1,211	3.11
2012	106,126	24,942	4,255	131,824	99,474	1,325	3.21
2013	103,951	25,101	4,141	126,538	100,569	1,258	3.29

Comments

1. Donations are shown in millions of nominal U.S. dollars; consumer units are shown in thousands; donations per consumer unit are shown in nominal dollars per year.
2. From 2004 through 2013, the annual cash donation by top quintile consumer units declined from 3.69 times the mean annual cash donation of the bottom 80% of consumer units to 3.29 times.

Source

See Exhibit A.

Exhibit J: Donations and Donation Rates for the Top Quintile, 2004-2013

		Labor	Contributions		Contributions
	<u>Donations</u>	<u>Income</u>	<u>as % LI</u>	<u>Savings</u>	<u>as % S</u>
2004	78,590	2,826,393	2.78	953,390	8.24
2005	90,961	3,197,297	2.84	1,160,400	7.84
2006	104,830	3,282,077	3.19	1,133,086	9.25
2007	102,879	3,505,496	2.93	1,308,597	7.86
2008	92,906	3,548,762	2.62	1,294,218	7.18
2009	92,037	3,517,023	2.62	1,343,869	6.85
2010	80,108	3,528,218	2.27	1,291,519	6.20
2011	91,962	3,612,847	2.55	1,440,341	6.38
2012	106,126	3,807,390	2.79	1,465,889	7.24
2013	103,951	3,751,530	2.77	872,538	11.91

Comments

1. Donations, Labor Income and Savings are shown in millions of nominal dollars.

Source

See Exhibit A.

Exhibit K: Donations and Donation Rates for the Bottom 80%, 2004-2013

		Labor	Donations		Donations
	Donations	Income	as % LI	Savings	as % S
2004	85,139	2,545,860	3.34	83,154	102.39
2005	104,235	2,677,934	3.89	2,123	4,909.80
2006	117,267	2,865,277	4.09	22,448	522.39
2007	116,012	2,955,736	3.92	40,288	287.96
2008	116,815	3,000,193	3.89	71,487	163.41
2009	116,191	2,889,384	4.02	68,118	170.57
2010	117,689	2,816,383	4.18	137,175	85.79
2011	118,478	2,877,397	4.12	27,944	423.98
2012	131,824	2,991,577	4.41	20,824	633.04
2013	126,538	2,964,469	4.27	-211,655	Negative

Comments

1. Donations, Labor Income and Savings are shown in millions of nominal dollars.

Source

See Exhibit A.

Exhibit L: Comparison of Donation Rates for the Top Quintile and Bottom 80% of American Consumer Units

	Donations/Labor Income (%)			Donations/Savings (%)		
	Top	Bottom		Top	Bottom	
	<u>Quintile</u>	<u>80%</u>	<u>Difference</u>	<u>Quintile</u>	<u>80%</u>	<u>Difference</u>
2004	2.78	3.34	0.56	8.24	102.39	94.15
2005	2.84	3.89	1.05	7.34	4,909.80	4,902.46
2006	3.19	4.09	0.90	9.25	522.39	513.14
2007	2.93	3.92	0.99	7.86	287.96	280.10
2008	2.62	3.89	1.27	7.10	163.41	156.31
<u>2009</u>	2.62	4.02	1.40	6.85	170.57	163.72
2010	2.27	4.18	1.91	6.20	85.79	79.59
<u>2011</u>	2.55	4.12	1.57	6.38	423.98	417.60
2012	2.79	4.41	1.62	7.24	633.04	65.80
2013	2.77	4.27	1.50	11.91	Negative	N.M.

Comments

Source

See Exhibit A.