Three decades after the Cold War, an increasingly volatile world presents new types of security threats.

**WHAT DO WE KNOW?**

**Domestically**
- Cyber threats are challenging public trust in institutions and governance.
- Home-grown violent extremists remain an unpredictable terror threat.
- Social media is allowing extremists to find each other and meet—and gives them a platform for violent ideas.

**Globally**
- Major powers (e.g., Russia, China, and the United States) increasingly have competing interests.
- North Korea and Iran threaten regional and global order.
- Cyberattacks may be used against the United States and its allies to counter military advantages.
- The global threat from terrorism, including the Islamic State of Iraq and Syria (ISIS), will remain geographically diverse and multifaceted.

**WHAT ARE THE IMPLICATIONS?**

- New threats will affect how U.S. agencies and the military are organized and equipped to respond to them.
- Protecting U.S. cyber assets complicates national security and defense planning.
- Rebalancing, rebuilding, and recapitalizing the U.S. military and its assets will take leadership, time, planning, and money.

For more information, see GAO-18-396SP at GAO.GOV.
The federal government is on a long-term unsustainable fiscal path.

WHERE ARE WE?

Debt held by the public was 76 percent of gross domestic product (GDP) at the end of FY17. This compares to an average of 45 percent of GDP since 1946.

Absent policy changes, the debt-to-GDP ratio is projected to surpass its historical high of 106 percent within 14–22 years.


WHAT DO WE KNOW?

In FY17, the federal deficit increased to $666 billion—up from $587 billion in FY16. Federal receipts grew $48 BILLION due primarily to higher payroll and retirement receipts and individual income taxes. But that was outweighed by a $127 BILLION increase in spending, driven by Social Security, Medicare, Medicaid, and interest on debt.

Percentage of GDP

Federal spending on health care programs and interest on debt are the key drivers of long-term spending increases.

Source: GAO.
Note: GAO’s simulations do not reflect the effects of any legislation enacted after September 30, 2017.

WHAT ARE THE IMPLICATIONS?

The large and growing federal debt will:

- reduce national savings and income in the long term
- increase the government’s interest costs
- limit lawmakers’ ability to respond to unforeseen events
- make a fiscal crisis more likely

The longer that action to address these fiscal challenges is delayed, the greater and more drastic the changes will have to be.

Source: CBO.

For more information, see GAO-18-396SP at GAO.GOV.
WHERE ARE WE?

National and global economies have experienced divergent growth since the financial crisis.

WHAT DO WE KNOW?

Economies Have Experienced Divergent Growth since the Financial Crisis, with Faster Growth in Emerging Markets

- Fiscal and monetary measures during the crisis left many countries with higher debt and lower interest rates.
- Global economic growth has improved, especially in emerging markets.
- International trade and technology have transformed the nature of work and consumption across the globe.
- U.S. growth outpaced Europe and Japan, but with gains for only a portion of the population.
- Key international trade agreements such as NAFTA haven’t been updated in 25 years.
- Domestic policies have not consistently or effectively addressed the needs of those adversely impacted by globalization and technological change.

WHAT ARE THE IMPLICATIONS?

Many outcomes are possible as the choices and priorities of governments and institutions lead the global community to pursue collaborative, inclusive growth while accounting for nationalistic interests.

Opportunities to reinforce international cooperation lie in finding areas of common interest and addressing the consequences of globalization and technological change.

For more information, see GAO-18-396SP at GAO.GOV.
Technological advances could change work, beyond any past experience.

**WHERE ARE WE?**

New technologies affect:
- types of jobs that are available
- specific job skills required

Accelerated innovation may lead to
- job creation
- job loss

These changes are straining education systems and workforce systems.

**WHAT DO WE KNOW?**

- 38 percent of employers report difficulty recruiting employees, due to candidates’ lack of technical skills.
- U.S. students lag behind their peers in science and math.
- Many jobs require specialized training.
- Workers aged 55+ are expected to comprise 24.3 percent of the workforce by 2020.

Source: Bureau of Labor Statistics

**WHAT ARE THE IMPLICATIONS?**

Closer alignment between education and workforce systems could:
- better prepare workers for the future
- use financial resources efficiently

Uncertainty about the impact of technological changes could:
- slow implementation of new technology
- drive some companies to relocate their operations to other countries as a result

Failure to develop effective retraining efforts could result in:
- challenges for special populations facing barriers to employment, such as older workers
- increased division in income and employment opportunities

For more information, see GAO-18-396SP at GAO.GOV.
Demographics are shifting in ways that affect U.S. society and the economy.

**WHERE ARE WE?**

Demographics are shifting in ways that affect U.S. society and the economy.

**WHAT DO WE KNOW?**

**Population**

Between 1970 and 2013, the U.S. population grew 54%.

Between 2013 and 2050, the U.S. population is expected to grow about 26% (while the world population is expected to grow about 33%).

**Longevity**

The U.S. population is aging.

In 2018, an average of about 10,200 people will turn 65 each day.

The percentage of U.S. adults over age 65 was less than 10% in 1970 but is expected to be about 20% by 2030.

**Diversity and income inequality**

U.S. society has become increasingly diverse, but median incomes vary by demographics.

**Median income by race**

- White, not Hispanic
- Black
- Asian
- Hispanic (any race)

**Median income by urban/rural**

- Inside Metropolitan Statistical Area (MSA)
- Inside principal cities
- Outside principal cities
- Outside MSA

**Median income by gender**

- Men with earnings
- Women with earnings

**Median income by educational attainment**

- Not a high school graduate
- High school graduate
- Some college/Associate's degree
- Bachelor's degree
- Advanced degree

Sources: U.S. Census and Social Security Administration.

Sources: U.S. Census and United Nations.

Sources: U.S. Census and Social Security Administration.


**WHAT ARE THE IMPLICATIONS?**

These trends affect the nation’s future economic performance and the basic fabric of society. They will pose challenges to:

- federal programs such as Social Security and Medicare
- public policies in areas such as health care, education, and income support

—with major effects on government budgets at all levels: federal, state, and local.

For more information, see GAO-18-396SP at GAO.GOV.
Five emerging technologies will potentially transform society.

1. Genome Editing
   - **Genome editing**: A technique used to make specific and intentional additions, deletions, or alterations to genetic material. It could:
     - prevent, treat, or cure medical conditions
     - create unintended and unforeseen genetic changes in the population

2. Artificial Intelligence and Automation
   - **Artificial intelligence (AI)** could:
     - produce smarter machines that perform more sophisticated tasks
     - disrupt the job market by eliminating jobs and creating others with new skill requirements
   - While its use is expected to grow, AI that is as intelligent as a human is not expected to occur in the next 20 years.

3. Quantum Information Science
   - **Quantum information science**: uses the behavior of atoms or molecules to obtain and process information in ways that existing systems cannot. It could:
     - drastically improve information acquisition, processing, and transmission

4. Brain/Augmented Reality
   - **Brain-computer interfaces**: systems that connect the human brain to an external device. Research is ongoing to create implantable versions that could, for example, compensate for vision loss or hearing impairment.
   - **Augmented reality**: superimposing a digital image onto a view of the real world through a device, such as a smartphone camera. It is a new trend in entertainment, education, and health care.

5. Cryptocurrencies and Blockchain
   - **Cryptocurrencies**: virtual currencies—digital representations of value that are not government-issued—that operate online and verify transactions using a public ledger called **blockchain**.
   - Cryptocurrencies offer:
     - benefits such as anonymity and lower transaction costs
     - drawbacks such as making it harder to detect money laundering and other financial crimes
   - Blockchain could:
     - reshape financial services
     - have more security vulnerabilities as quantum computing, an area of quantum information science, develops

**WHAT ARE THE IMPLICATIONS?**

Continued **debate, study, and evaluation** are needed in the public sector to consider the potential implications:

- economic
- ethical
- privacy
- safety
- security
- societal

For more information, see GAO-18-396SP at GAO.GOV.
WHERE ARE WE?

The world is changing, and the government will need to develop new approaches and partnerships to get things done.

WHAT DO WE KNOW?

- The federal government increasingly relies on third parties to get its work done.
- The government does not always have the right people, tools, and data in place to manage these partnerships.
- Requirements for far-reaching programs, such as health care and transportation infrastructure, are constantly evolving.
- As technology and the workforce change, the government struggles to keep up.
- Public confidence in the federal government is at historic lows.
- Initiatives such as the DATA Act and Performance.gov promise transparent information on federal spending and performance but face challenges in implementation.

WHAT ARE THE IMPLICATIONS?

Achieving national policy objectives in this interconnected environment will require:

- developing whole-of-government strategies
- systematically managing risk
- collaborating across boundaries and borders
- building communication and civic engagement

For more information, see GAO-18-396SP at GAO.GOV.
WHERE ARE WE?
Our environment is increasingly stressed, and solutions require balancing competing needs among society, economy, and natural resources.

WHAT DO WE KNOW?

Agriculture, communities, and energy producers are increasingly competing for water.

Energy is critical to our economy, but some drivers of growth may adversely affect air and water quality and potentially change the climate.

Over the last decade, extreme weather and fire events have cost the government >$350 billion, including:

- $205 billion for domestic disaster response and relief
- $34 billion for wildland fire management
- $28 billion for maintenance and repairs to federal assets
- $90 billion for crop and flood insurance

The federal government must balance competing priorities for the vast amount of resources it owns and manages, including:

- >640 million acres of federal land
- Rights to minerals underlying >700 million acres
- 1.7 billion acres of the Outer Continental Shelf

Total Reported U.S. Environmental Liability, FY 2016

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<th>Dollars in billions</th>
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WHAT ARE THE IMPLICATIONS?
Key stresses and interdependencies cut across agency missions and pose challenges that are larger than any one federal agency can manage.

Increasingly complex environmental and natural resource challenges emphasize the need for analysis of forward-looking policy options for Congress.

For more information, see GAO-18-396SP at GAO.GOV.