

April 15, 2008

TO: Interested Parties

FROM: Jim Kessler, VP for Policy and Tess Stovall, Policy Advisor

RE: What You Paid For

If you wrote a check for more than \$13,000, you would want to know exactly what you were buying. As it turns out, \$13,000 is about what the typical working age taxpayer paid to the federal government in 2007. That's a lot of money for anyone, but for a taxpayer earning about \$64,000, that's one-fifth of all earnings. Yet nearly all taxpayers have absolutely no idea how that money is spent. At best, they may see a pie chart which shows in broad categories how the federal government spends its \$2.9 trillion budget.

This document—essentially a receipt—shows exactly what the typical working age taxpaying household gets for their money in dollars and cents. The question taxpayers and policy makers should ask is “Are you satisfied?” Do you think spending priorities should change or stay the same? Do you think you're getting what you and the country deserve for your payment?

What You Paid For

An Itemized Receipt for the Typical Taxpayer

The typical working age household (a household led by a person between the ages of 25 and 59) earned approximately \$63,960 and paid \$13,112 in federal income and payroll taxes in 2007.* Below is a sample of exactly what that \$13,112 paid for. See our attached spreadsheet for far greater detail.

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|--------------------------------------|-------------|
| • Social Security: | \$ 2,662.94 |
| • Interest Payment on National Debt: | \$ 1,085.29 |
| • War in Iraq: | \$ 593.48 |
| • War in Afghanistan: | \$ 159.82 |
| • All other Defense: | \$ 2,008.01 |
| • Medicare: | \$ 1,697.96 |
| • Veterans Benefits and Health Care: | \$ 355.03 |

*The income figures are derived from a Third Way analysis of the March 2007 Current Population Survey of household finances for 2006 and adjusted slightly upward to incorporate flat, inflation-adjusted 2007 income gains. The tax burden is based upon the “The Distribution of Tax Cuts: Updated Projection: 2006,” from the Tax Policy Center at the Brookings Institution and Urban Institute which shows that a filer with this income should expect to pay 20.5% of their income in federal income and payroll taxes (not including the employer's share).

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| • Health care research (NIH): | \$ 132.70 |
| • Aid to the public schools (No Child Left Behind): | \$ 107.55 |
| • National Parks | \$ 12.25 |
| • Roads and Bridges | \$ 77.15 |
| • Renewable Energy Research | \$ 6.67 |
| • International AIDS prevention | \$ 14.87 |
| • The Space Program (NASA) | \$ 74.53 |
| • Health Care of Low Income Families (Medicaid): | \$ 872.92 |
| • Border Security Fencing | \$.13 |
| • Income Assistance for the Disabled (SSI): | \$ 164.95 |
| • Agriculture Subsidies | \$ 98.80 |
| • Environmental Protection (EPA) | \$ 34.50 |
| • Heating Assistance for Low Income Families: | \$ 9.90 |
| • School Lunch/Breakfast Program: | \$ 46.09 |
| • FBI, DEA, and ATF: | \$ 41.46 |
| • Pell Grants for Low Income College Students: | \$ 62.55 |
| • The Post Office: | \$ 2.95 |
| • Consumer Product Safety Commission: | \$.29 |
| • Members of Congress and Staff: | \$ 8.44 |
| • The President and White House Staff: | \$.18 |
| • The IRS | \$ 48.53 |
| • Pork Barrel Projects: | \$ 60.45 |
| • CIA: | \$????.?? ⁺ |

⁺ If we told you; we'd have to kill you. All sources for program spending come from the agency budgets submitted to the Office of Management and Budget for Fiscal Year 2009 with the exception of the following: War in Iraq and Afghanistan spending comes from the Congressional Research Service; earmarks/pork projects comes from Citizens Against Government Waste. All figures relate to fiscal year 2007 spending.

Why do we use “working age households” for this analysis? Working age households—households headed by people between the age of 25–59—represent approximately two-thirds of the adult population. Many younger filers (teenagers and the like) skew the median income level lower and many file separately so that they can get a lower tax rate than their parents. Old filers, particularly seniors, get most of their money through benefit transfers like Social Security, or other sources like pensions and investments. This income is taxed very differently than work income.

The Taxpayer's Right to Know

A receipt on the purchase of government by the typical taxpayer

| Programs | FY 2007 Spending (in millions) | % of Total 2007 Budget | Typical Taxpayer's Share |
|---|--------------------------------------|------------------------------|--------------------------------|
| Interest Payment on National Debt | \$ 237,000 | 8.28% | \$ 1,085.29 |
| Social Security | \$ 581,518 | 20.31% | \$ 2,662.94 |
| National Defense Programs (Not Including Iraq and Afghanistan) | \$ 438,499 | 15.31% | \$ 2,008.01 |
| War in Iraq | \$ 129,600 | 4.53% | \$ 593.48 |
| War in Afghanistan | \$ 34,900 | 1.22% | \$ 159.82 |
| State and International Assistance Programs | \$ 68,471 | 2.39% | \$ 313.55 |
| Embassies and Diplomatic Affairs | \$ 7,422 | 0.26% | \$ 33.99 |
| Global HIV/AIDS Initiative | \$ 3,247 | 0.11% | \$ 14.87 |
| Agency for International Development (USAID) | \$ 2,226 | 0.08% | \$ 10.19 |
| Contributions to International Peacekeeping Activities | \$ 1,418 | 0.05% | \$ 6.49 |
| Contributions to United Nations and Affiliated Agencies | \$ 936 | 0.03% | \$ 4.29 |
| Peace Corps | \$ 334 | 0.01% | \$ 1.53 |
| Homeland Security | \$ 39,718 | 1.39% | \$ 181.88 |
| Customs and Border Protection | \$ 7,746 | 0.27% | \$ 35.47 |
| Border Security Fencing | \$ 28 | 0.001% | \$ 0.13 |
| Medicare | \$ 370,790 | 12.95% | \$ 1,697.96 |
| Health Care for Low Income Families and Children | \$ 196,624 | 6.87% | \$ 900.40 |
| Medicaid | \$ 190,624 | 6.66% | \$ 872.92 |
| SCHIP | \$ 6,000 | 0.21% | \$ 27.48 |
| Veterans Benefits & Healthcare | \$ 77,530 | 2.71% | \$ 355.03 |
| National Institutes of Health | \$ 28,978 | 1.01% | \$ 132.70 |
| Income Support for Low Income Families and Children | \$ 105,230 | 3.68% | \$ 481.88 |
| Food Stamps | \$ 34,826 | 1.22% | \$ 159.48 |
| Housing Assistance and Aid to Homeless | \$ 29,050 | 1.01% | \$ 133.03 |
| Welfare | \$ 16,932 | 0.59% | \$ 77.54 |
| School Breakfast and Lunch Programs | \$ 10,064 | 0.35% | \$ 46.09 |
| Head Start | \$ 6,888 | 0.24% | \$ 31.54 |
| Women, Infants, and Children (WIC) | \$ 5,309 | 0.19% | \$ 24.31 |
| Heating Assistance for Low Income Families | \$ 2,161 | 0.08% | \$ 9.90 |
| Supplemental Security Income for the Disabled | \$ 36,021 | 1.26% | \$ 164.95 |
| Education | \$ 68,265 | 2.38% | \$ 312.61 |
| Public School Aid | \$ 23,487 | 0.82% | \$ 107.55 |

| Programs | FY 2007 Spending (in millions) | % of Total 2007 Budget | Typical Taxpayer's Share |
|--------------------|--------------------------------------|------------------------------|--------------------------------|
| All College Aid | \$ 24,065 | 0.84% | \$ 110.20 |
| <i>Pell Grants</i> | \$ 13,660 | 0.48% | \$ 62.55 |
| Special Education | \$ 11,802 | 0.41% | \$ 54.04 |

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| Transportation | \$ 65,994 | 2.30% | \$ 302.21 |
| Federal Aviation Administration | \$ 14,693 | 0.51% | \$ 67.28 |
| Federal Highway Administration | \$ 35,281 | 1.23% | \$ 161.56 |
| <i>Highway and Interstate Systems</i> | \$ 12,058 | 0.42% | \$ 55.22 |
| <i>Bridge Program</i> | \$ 4,789 | 0.17% | \$ 21.93 |
| Federal Transit Authority | \$ 9,987 | 0.35% | \$ 45.73 |

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| Justice | \$ 24,771 | 0.87% | \$ 113.43 |
| Law Enforcement Programs | \$ 13,449 | 0.47% | \$ 61.59 |
| <i>Federal Bureau of Investigation</i> | \$ 6,298 | 0.22% | \$ 28.84 |
| <i>Grant Programs for Community Policing and Violence Against Women</i> | \$ 2,737 | 0.10% | \$ 12.53 |
| <i>Drug Enforcement Administration</i> | \$ 1,757 | 0.06% | \$ 8.05 |
| <i>U.S. Attorneys</i> | \$ 1,659 | 0.06% | \$ 7.60 |
| <i>Bureau of Alcohol, Tobacco, Firearms & Explosives</i> | \$ 998 | 0.03% | \$ 4.57 |
| Federal Prison System | \$ 5,444 | 0.19% | \$ 24.93 |

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| Energy | \$ 21,686 | 0.76% | \$ 99.31 |
| Nuclear Security Administration | \$ 9,222 | 0.32% | \$ 42.23 |
| Energy Efficiency and Renewable Energy | \$ 1,457 | 0.05% | \$ 6.67 |

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| Agriculture Subsidies | \$ 21,576 | 0.75% | \$ 98.80 |
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| Food Safety Programs | \$ 2,408 | 0.08% | \$ 11.03 |
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| Consumer Product Safety Commission | \$ 63 | 0.002% | \$ 0.29 |
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| Occupational Safety and Health Administration (OSHA) | \$ 486 | 0.02% | \$ 2.23 |
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| Environmental Protection Agency | \$ 7,533 | 0.26% | \$ 34.50 |
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| National Oceanic and Atmospheric Administration | \$ 4,190 | 0.15% | \$ 19.19 |
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| National Parks | \$ 2,675 | 0.09% | \$ 12.25 |
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| Congressional Members and Staff Salaries and Expenses | \$ 1,843 | 0.06% | \$ 8.44 |
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| White House and Staff | \$ 39 | 0.001% | \$ 0.18 |
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| Space Program | \$ 16,275 | 0.57% | \$ 74.53 |
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| Tax Administration/IRS | \$ 10,597 | 0.37% | \$ 48.53 |
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| Postal Service | \$ 645 | 0.02% | \$ 2.95 |
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| Programs | FY 2007 Spending (in millions) | % of Total 2007 Budget | Typical Taxpayer's Share |
|-------------------------------|---|---------------------------------------|---|
| Earmarks/Pork Projects | \$ 13,200 | 0.46% | \$ 60.45 |
| Other Programs | \$ 256,200 | 8.95% | \$ 1,173.21 |
| Total FY 2007 Spending | \$ 2,863,325 | 100% | \$ 13,112.00 |

Sources: All numbers come from the agency budgets submitted to the Office of Management and Budget for Fiscal Year 2009, and the President's Budget for FY 2009, with the exception of the following:

War in Iraq and Afghanistan Totals: CRS, "The Costs of Iraq, Afghanistan and other Global Terror Operations Since 9/11", Updated Feb. 22, 2008

Earmarks/Pork Projects Total: Citizens Against Government Waste, www.cagw.org