

2011 ANNUAL REPORT



on the
UNITED STATES
GOVERNMENT



CONGRESSMAN PAUL RYAN
SERVING WISCONSIN'S 1ST DISTRICT



U.S. House of Representatives
WASHINGTON, DC 20515

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ANNUAL REPORT TO TAXPAYERS



U.S. House of Representatives Congressman Paul Ryan

December 2011

Dear fellow taxpayer:

As taxpayers, we are shareholders of the federal government. Therefore, we deserve to know how the government collects and spends our money. That is why I am sending this 2011 Annual Report to you, which summarizes the challenges facing the U.S. economy and the federal budget. It is important to consider a few points as you read this year's report:

- **Spending without a budget leads to record deficits:** Although the House passed a budget by April 15th, as the law requires, it has been more than 950 days since the Senate has passed a budget. This failure to complete one of government's most basic responsibilities has resulted in three straight years of deficits exceeding \$1 trillion and has driven our government's total debt from \$10 trillion in 2008 to \$15 trillion in 2011.
- **Increased government spending has failed to create jobs and economic growth:** Despite a 24 percent increase in federal agency spending—84 percent when stimulus funding is included—unemployment continues to linger around 9 percent. In some areas of Southern Wisconsin, the unemployment rate is more than 10 percent. While the nation's economy continues to struggle, the federal government's workforce has expanded by 15 percent and taxes have gone up by \$670 billion.
- **Fiscal responsibility and pro-growth reforms are needed:** As the figures demonstrate, chasing ever-higher spending with ever-higher taxes stifles economic growth. By contrast, the House-passed budget, *The Path to Prosperity*, gets government spending under control, strengthens our critical health and retirement security programs, and lifts our crushing burden of debt. It is a reform plan focused on sustained job creation and economic growth. We can strengthen the safety net, including Social Security and Medicare, by providing less government support to those with more—and more to those with less. And, we can make our tax code fair, simple and competitive by lowering rates while eliminating loopholes that disproportionately benefit higher-income earners and the politically connected.

I hope you find this Annual Report informative. Be assured that I will continue to work every day to promote fiscal responsibility and reforms that foster a better economic environment for job creation and a more prosperous future.

Please feel free to contact me if I can be of assistance to you in dealing with the federal government. I am always happy to respond and be of service to you.

Sincerely,



Paul Ryan
Serving Wisconsin's 1st District

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FIXING WASHINGTON'S BROKEN BUDGET PROCESS

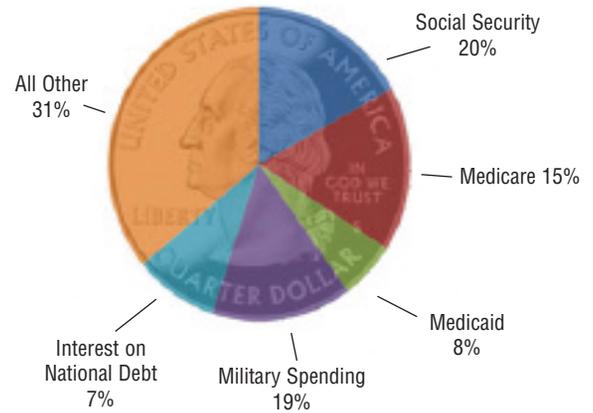
The federal budget process is broken. Washington stumbles from one budget crisis to another, with little to no oversight of how government spends hardworking taxpayers' money. The incentives currently favor those who want to spend more, and the result is a crushing burden of debt that is hurting economic growth.

I have introduced bipartisan legislation designed to strengthen spending controls, enhance oversight and increase transparency. One bill I have authored, along with Democratic Congressman Chris Van Hollen of Maryland, is the Expedited Line-Item Veto and Rescissions Act.

This bill would give the President the authority to identify wasteful spending items and send them back to Congress for an up-or-down vote, with all savings going toward deficit reduction. Building on the House-passed ban on earmarks, this proposal is a commonsense tool to discourage pork-barrel spending.

To learn more visit: <http://budget.house.gov/BudgetProcessReform>

Composition of Federal Spending—2011



Source: House Budget Committee

DEALING WITH DEFICITS AND DEBT

For the past 3 years, our government has spent \$4 trillion more than it has collected in tax revenues. Consequently, we are borrowing 43 cents of every dollar we spend.

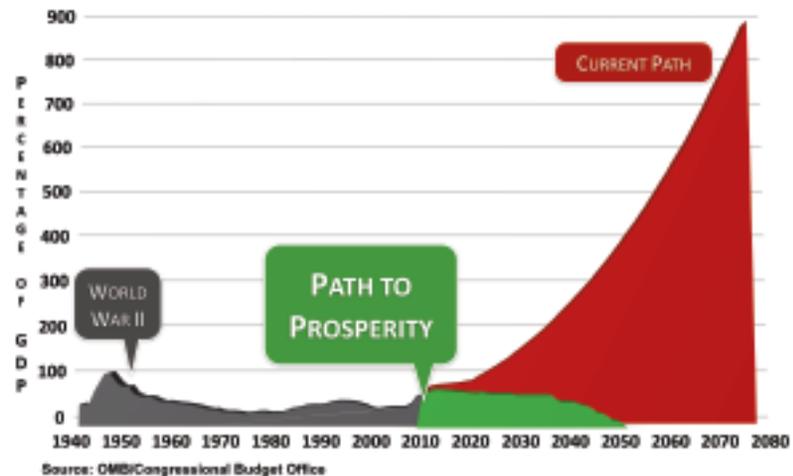
The primary drivers of our debt are retiree health care costs and a sluggish economy that is not producing jobs.

Medicare and Social Security should be protected so that those 55 and older do not experience any changes. To make Medicare sustainable for future generations, modest reforms can be made to give beneficiaries the type of health care system enjoyed by Members of Congress and federal employees.

Additionally, to spur job creation, the House-passed budget I helped author calls for closing loopholes and lowering tax rates. The people who use most of the tax loopholes are those in the top tax brackets. Money parked in these tax loopholes is taxed at zero. I proposed getting rid of these loopholes, so this money is taxed, in exchange for lowering everyone's rates.

A simpler, fairer tax system allows small business owners to better compete in the global economy. The President, however, has proposed increasing the top individual tax rate to roughly 50 percent.¹ At the same time, our foreign competitors are lowering their rates to 25 percent and in some cases, lower than that. The President's tax increase would be a direct hit on Wisconsin small businesses and jobs because 90 percent of our businesses pay the individual income tax, rather than the corporate income tax. These businesses employ 55 percent of Wisconsin workers.

A CHOICE OF TWO FUTURES (DEBT AS A SHARE OF THE ECONOMY)



Source: OMB/Congressional Budget Office

For information on these reform proposals, please visit www.budget.house.gov.

1. Source: House Budget Committee.

TRACKING WHERE OUR TAX DOLLARS GO

When our federal government spends trillions of dollars a year, it is often hard to understand how those figures impact the typical taxpayer.

The following chart shows how much money a taxpayer, with the median family income for 2010, would have paid to fund various federal government programs and agencies in 2011.

Please note, the chart only reflects the top ten spending categories of the federal budget and is for illustrative purposes only. Exact tax liability will vary depending on a taxpayer's specific situation.

What You Paid For	
A 2011 Taxpayer Receipt for a married couple with two children earning \$75,240 a year and paying \$8256.50 in federal income tax and FICA	
Social Security	1,670.56
Military Spending	1,562.19
Medicare	1,270.22
Medicaid	631.20
Interest on the National Debt	610.62
Welfare and Income Support	508.64
Veterans Programs and Military Retirement	417.09
Labor	309.97
Administrative and Independent Agencies	256.25
Treasury (not including interest on the debt)	189.89

Source: Final Monthly Treasury Statement of Receipts and Outlays of the United States Government for FY2011, Department of Treasury, October 2011; Tax Policy Center Tax Calculator

Statement of Federal Revenues and Expenses

Revenues

	Fiscal Year			
	2010	2011	% of total	% change
Individual Income Tax ¹	\$898,549,000,000	\$1,091,473,000,000	47%	21%
Social Insurance Taxes				
Social Security Payroll Tax ²	631,688,000,000	565,787,000,000	25%	-10%
Medicare Payroll Tax	184,208,000,000	192,728,000,000	8%	5
Unemployment Insurance ³	44,823,000,000	56,241,000,000	2%	25%
Railroad Retirement/Federal Employee Retirement	4,076,000,000	4,052,000,000	*%	-1%
Corporate Income Taxes	191,437,000,000	181,085,000,000	8%	-5%
Excise Taxes and Customs Receipts	92,207,000,000	101,900,000,000	4%	11%
Miscellaneous Receipts	95,855,000,000	101,831,000,000	4%	6%
Estate Taxes ⁴	18,885,000,000	7,399,000,000	*%	-61%
Total	\$2,161,728,000,000	\$2,302,496,000,000		

Expenses

Social Security ⁵	\$703,426,000,000	\$727,732,000,000	20%	3%
Military Spending	666,717,000,000	680,520,000,000	19%	2%
Medicare	517,027,000,000	553,335,000,000	15%	7%
Medicaid	272,771,000,000	274,964,000,000	8%	1%
Interest on National Debt	228,191,000,000	265,998,000,000	7%	17%
Welfare/Income Support ⁶	208,842,000,000	221,574,000,000	6%	6%
Veterans Programs and Military Retirement	162,306,000,000	181,692,000,000	5%	12%
Labor	173,053,000,000	135,030,000,000	4%	-22%
Administrative and Independent Agencies	112,428,000,000	111,627,000,000	3%	-1%
Treasury (not including interest on debt) ⁷	30,385,000,000	82,721,000,000	2%	172%
Transportation	77,751,000,000	77,302,000,000	2%	-1%
Education ⁸	92,858,000,000	64,271,000,000	2%	-31%
Housing	60,143,000,000	57,008,000,000	2%	-5%
Agriculture, Conservation, and Interior ⁹	48,788,000,000	50,758,000,000	1%	4%
Homeland Security	44,455,000,000	45,711,000,000	1%	3%
State and International Assistance	43,844,000,000	44,933,000,000	1%	2%
Justice and the Judiciary	36,794,000,000	38,868,000,000	1%	6%
Energy	30,775,000,000	31,372,000,000	1%	2%
NASA	18,906,000,000	17,617,000,000	*%	-7%
Environmental Protection Agency	11,008,000,000	10,770,000,000	*%	-2%
Congress	5,787,000,000	4,529,000,000	*%	-22%
The President	583,000,000	484,000,000	*%	-17%
Total Expenses	\$3,460,342,000,000	\$3,596,700,000,000		

Deficit(-)/Surplus(+) **-\$1,298,614,000,000** **-\$1,294,204,000,000** Spending is 56% above revenues.

Other Undistributed Offsetting Receipts¹⁰ -86,496,000,000 -82,116,000,000

1. Income tax increase is due to expiration of Making Work Pay tax credit and stronger income tax receipts.
 2. Social Security Payroll Tax is lower than last year due to 2% reduction in the payroll tax.
 3. Unemployment tax receipts increased due to automatic state triggers for low balances in unemployment trust funds. Additionally, the unemployment tax is experience rated, requiring tax increases when large layoffs occur.
 4. The estate tax revenue is lower for fiscal year 2011 because the estate tax was repealed for calendar year 2010. Typically, tax payments are paid the following year.
 5. Social Security spending is less than the previous Annual Report to Taxpayers because the Supplemental Security Income Program has been shifted to the Welfare/Income Support category.
 6. The Welfare and Income support category includes programs such as Food Stamps, Temporary Assistance to Needy Families, the State Childrens Health Insurance Programs, and Supplemental Security Income. These programs are all means-tested programs.
 7. Increase is a result of greater expenses for TARP, and a decrease in proprietary receipts from the public.
 8. Reduction in Education category largely reflects reduction in stimulus spending.
 9. The previous Annual Report to Taxpayers included Food Stamps in this category. This has been shifted to the Welfare and Income Support category.
 10. Offsetting receipts are receipts to the federal government that come from sources other than its sovereign power to tax. For example, fees to enter into the National Park System are considered offsetting receipts.
 * Less than 1%
 Totals may not add due to rounding
 Source: Final Monthly Treasury Statement of Receipts and Outlays of the United States Government for FY2011, Department of Treasury, October 2011

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Sign up to receive Paul Ryan's Instant News Updates to keep up with Congress and learn about upcoming public listening sessions by visiting Paul's web site:

www.paulryan.house.gov

