



U.S. House of Representatives
WASHINGTON, DC 20515

PUBLIC DOCUMENT
OFFICIAL BUSINESS

*This mailing was prepared, published
and mailed at taxpayer expense.*

Paul Ryan
M.C.
PRSRT STD

ANNUAL REPORT TO TAXPAYERS



U.S. House of Representatives Congressman Paul Ryan

December 2012

Dear fellow taxpayer:

For each of the last four years, the federal government has spent \$1,000,000,000,000 more than it has collected in taxes. Forty two cents of every dollar the government spends is now borrowed, much of it from foreign countries. Because we've failed to act, the interest paid on the national debt is now the 5th largest expense of the federal government after spending on Medicare, Social Security, Medicaid and our military.

In addition to the debt, we face several fiscal and economic challenges in the year ahead. That is why I am sending this 2012 Annual Report to you. As taxpayers and shareholders of the federal government, we deserve to know how the government collects and spends our money. It is important to consider a few points as you read this year's report:

- **Spending without a budget has led to record deficits and debt:** For the second straight year, the House of Representatives passed a budget, even as the Senate failed to follow suit. It has been over 1,300 days since the Senate last passed a budget and completed one of the most basic responsibilities of the federal government. During this time, we spent nearly \$5 trillion more than the government took in, and spending has continued to grow.
- **Moving from fiscal crisis to fiscal crisis is no way to create jobs & economic growth:** My focus is to prevent tax increases on as many families and small businesses as possible. Forcing our nation's armed forces to bear the brunt of Washington's failure to cut spending and forcing taxpayers to immediately face trillions in potential tax increases does not create jobs or economic growth. At the time this report went to print, it is unclear precisely how many will be spared from large tax increases at the beginning of the year. Tax rates going up will not only affect individuals and families, but also nine out of ten businesses in Wisconsin that file as individuals.
- **Sensible entitlement reforms and pro-growth tax reforms are the solution:** The reason our deficits and debt have continued to rise each year is not because Americans are being taxed too little; it's because Washington is spending too much. The President's proposed tax increases would only pay for 20 percent of his proposed spending increases. This new revenue would be used to fuel more spending, not to pay down our debt. Economic growth will not come from chasing ever higher spending with ever higher taxes. Instead, we need to address the drivers of our debt and make our tax code fair, simple and competitive so the economy can grow.

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 for all of us.

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

CONTACT PAUL AT:

MAIL: 20 S. Main St. #10, Janesville, WI 53545
PHONE: 1-888-909-RYAN (7926)
FAX: 608-752-4711
WEB/EMAIL: paulryan.house.gov

Statement of Federal Revenues and Expenses

Revenues

	Fiscal Year			
	2011	2012	% of total	% change
Individual Income Tax	\$1,091,473,000,000	\$1,132,206,000,000	46%	4%
Social Insurance Taxes				
Social Security Payroll Tax ¹	565,787,000,000	569,501,000,000	23%	1%
Medicare Payroll Tax	192,728,000,000	205,426,000,000	8%	7
Unemployment Insurance ²	56,241,000,000	66,647,000,000	3%	19%
Railroad Retirement/Federal Employee Retirement	4,036,000,000	3,739,000,000	*%	-7%
Corporate Income Taxes	181,085,000,000	242,289,000,000	10%	34%
Excise Taxes and Customs Receipts	101,900,000,000	109,368,000,000	4%	7%
Miscellaneous Receipts	101,846,000,000	105,943,000,000	4%	4%
Death Taxes ³	7,399,000,000	13,973,000,000	1%	89%
Total	\$2,302,495,000,000	\$2,449,092,000,000		

Expenses

Social Security ⁴	\$727,732,000,000	\$770,740,000,000	21%	6%
Military Spending	678,073,000,000	650,869,000,000	18%	-4%
Medicare	553,344,000,000	538,514,000,000	15%	-3%
Medicaid	274,964,000,000	250,534,000,000	7%	-9%
Interest on National Debt	265,998,000,000	232,029,000,000	6%	-13%
Welfare/Income Support ⁵	221,563,000,000	215,443,000,000	6%	-3%
Veterans Programs and Military Retirement	181,692,000,000	201,440,000,000	6%	11%
Administrative and Independent Agencies	123,980,000,000	123,791,000,000	3%	0%
Treasury (not including interest on debt)	84,687,000,000	105,456,000,000	3%	25%
Labor	131,793,000,000	104,743,000,000	3%	-21%
Transportation	77,302,000,000	75,148,000,000	2%	-3%
Education ⁶	65,486,000,000	57,249,000,000	2%	-13%
Housing	57,005,000,000	49,592,000,000	1%	-13%
Homeland Security	45,744,000,000	47,423,000,000	1%	4%
State and International Assistance	44,935,000,000	47,006,000,000	1%	5%
Agriculture, Conservation, and Interior ⁷	50,763,000,000	46,660,000,000	1%	-8%
Justice and the Judiciary	37,867,000,000	38,437,000,000	1%	2%
Energy	31,372,000,000	32,485,000,000	1%	4%
NASA	17,617,000,000	17,190,000,000	*%	-2%
Environmental Protection Agency	10,770,000,000	12,796,000,000	*%	19%
Congress	4,583,000,000	4,437,000,000	*%	-3%
The President	484,000,000	403,000,000	*%	-17%
Total Expenses	\$3,687,754,000,000	\$3,622,385,000,000		

Deficit(-)/Surplus(+) **-\$1,385,259,000,000** **-\$1,173,293,000,000** Spending is 144% above revenues.

Other Undistributed Offsetting Receipts⁸ -88,469,000,000 -83,939,000,000

1. Social Security Payroll Tax remains low due to 2% reduction in the payroll tax.
 2. 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.
 3. Death tax is higher in Fiscal Year 2012 due to changes in tax law.
 4. Social Security spending is less than previous year's Annual Report to the Taxpayer because the Supplemental Security Income Program has been shifted to the Welfare/Income Support category.
 5. 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. It does not include all means-tested welfare programs, just the major programs outside of Medicaid. For example, Section 8 housing is included in the "Housing" Category.
 6. Reduction in Education category largely reflects continued reduction in stimulus spending.
 7. Previous year's Annual Report to the Taxpayer include Food Stamps in this category. This has been shifted to the Welfare and Income Support category.
 8. 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 FY2012, Department of Treasury, October 2012

Stay Informed

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:

paulryan.house.gov



REDUCING SPENDING AND REFORMING OUR TAX CODE

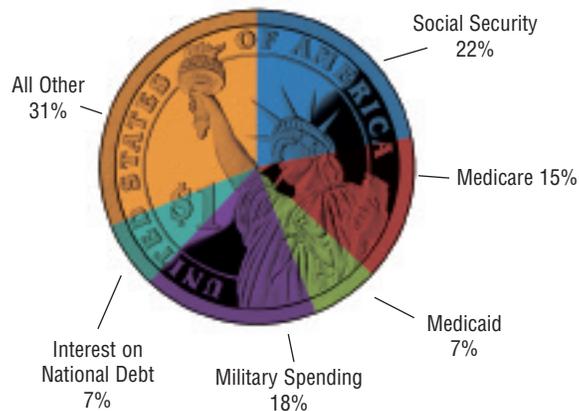
The House has passed legislation to protect millions of Americans from seeing their taxes increase in 2013. The House has also passed the Spending Reduction Act of 2012, which reduced our deficit by billions of dollars through the elimination of wasteful government spending. The Spending Reduction Act does this through common-sense measures such as preventing fraud by ensuring individuals are actually eligible for the taxpayer funded benefits they receive; ending taxpayer bailouts; restraining spending on government bureaucracies; controlling runaway spending increases; and ending wasteful government programs. Because the Senate has not yet taken action on these bills, it is unclear at this time how we, as taxpayers, will be impacted.

Our debt and deficits are growing largely because of poor economic growth and out-of-control spending, which is why I have continued to call for reforms to our tax code and our nation's health and retirement programs.

The House-passed budget calls for Medicare and Social Security to be protected so that those 55 and older do not experience any changes. To make Medicare sustainable for future generations, future retirees would have the option of remaining in traditional Medicare or choosing a plan that better meets their needs. By giving future seniors coverage like Members of Congress have, we can ensure Medicare and Social Security deliver on their promise of income and retirement security.

We can make our tax code fairer, simpler, and more competitive. The President has proposed trillions of dollars in tax increases to fuel more spending. This

Composition of Federal Spending—2012



Source: House Budget Committee

would hurt our competitiveness and push more jobs overseas. Instead, Congress should consider eliminating loopholes and deductions that primarily benefit the well-off and lowering our tax rates to spur economic growth.

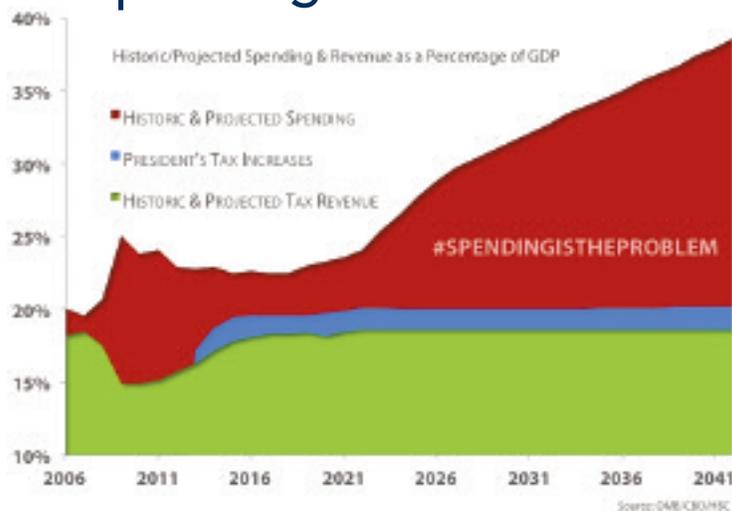
DEALING WITH DEFICITS AND DEBT

Much focus has been on increasing taxes to address our deficit and our debt. These tax increases would hit job creators, like those small manufacturers located in industrial parks in our communities, and hard-working families. Our local manufacturers and families are already forced to live under the strains of the current difficult economy. Asking them to pay more will hurt our local communities. The federal government doesn't need more tax money from the families and businesses in our local communities. What the federal government needs to do is stop spending too much. It simply can no longer afford to spend money that it doesn't have and take out more loans to pay for that spending.

The chart shows that even with the President's most recent tax-increase proposal, there is a tremendous gap and it does nothing to solve our debt crisis. What makes up this tremendous gap? Government spending. Even worse, it continues to increase. Erskine Bowles, former White House chief of staff under President Clinton and head of the Fiscal Commission, stated, "We have to cut spending. Even if you raise the top [tax] rates back to the Clinton [tax] rates, that only creates about \$400 billion over 10 years. That's \$40 billion a year. We have a \$1 trillion deficit."

I have introduced several budgets that would get government spending under control and will continue putting forth my detailed solutions in the upcoming budget next year.

Spending Is the Problem



Source: OMB/CBO/HSC

FOR MORE INFORMATION VISIT:
BUDGET.HOUSE.GOV

TRACKING WHERE OUR TAX DOLLARS GO

When our Federal government spends more than \$3,500,000,000,000 a year and collects nearly \$2,500,000,000,000 in taxes, it is often hard to put in comprehensible terms how those figures impact the typical taxpayer.

The following chart shows how much money a taxpayer, with a tax liability of \$7,817 (the median amount for 2012), would have paid to fund various federal-government programs and agencies.

Please note: the chart only reflects the top ten spending categories of the federal budget.

What You Paid For

A 2012 Taxpayer Receipt* for a married couple with two children making \$75,240 a year and paying \$7,817, in federal income tax and FICA taxes (including employer and employee)

Social Security	\$1,702.69
Military Spending	1,437.87
Medicare	1,189.66
Medicaid	553.47
Interest on the National Debt	512.59
Welfare and Income Support	475.95
Veterans Programs and Military Retirement	445.01
Labor	273.47
Administrative and Independent Agencies	232.97
Treasury (not including interest on the debt)	231.39

Source: Final Monthly Treasury Statement of Receipts and Outlays of the United States Government for FY2012, Department of Treasury, October 2012; Tax Policy Center Tax Calculator

*Taxpayer Receipt is for illustrative purposes only. Individuals' tax situations will vary.

2012 ANNUAL REPORT



on the
UNITED STATES
GOVERNMENT



CONGRESSMAN PAUL RYAN
SERVING WISCONSIN'S 1ST DISTRICT