

2013 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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OFFICIAL BUSINESS

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ANNUAL REPORT TO TAXPAYERS



U.S. House of Representatives Congressman Paul Ryan

December 2013

Dear fellow taxpayer:

In 2013, Congress began the year by addressing the “Fiscal Cliff” and locking in lower tax rates for 98 percent of all taxpayers. The year ended with the first bipartisan budget agreement in a divided Congress since 1986. Until this agreement was reached, hardworking taxpayers and the American economy faced growing uncertainty, moving from one fiscal crisis to the next.

This bipartisan agreement, which Senator Patty Murray and I negotiated, breaks through the gridlock in Washington. As a result of this agreement:

- **The deficit is reduced without raising taxes.** Spending is cut in a smarter way. The agreement provides \$62 billion in sequester relief—split evenly between defense and domestic programs. Across-the-board cuts are replaced with targeted reforms that add up to over \$80 billion in savings. On net, the deficit is reduced by over \$20 billion—even more than it was under sequestration.
- **Washington waste is cut.** We stop paying Medicaid bills that deadbeat dads should cover and stop sending unemployment checks to criminals and the deceased. Corporate welfare is cut. We eliminate a wasteful government program benefiting energy companies. And we start to address autopilot spending by asking new federal employees to contribute more to their retirement and private companies to cover more of their pension guarantees.
- **It stops Washington’s lurch from crisis to crisis.** Additional government shutdowns will be avoided in 2014. And it shows both parties can work together. That stability will build confidence, and that confidence will help the economy. We’ve got to get people back to work. One way to help is to get Washington working again.

The agreement doesn’t go as far as I’d like—such as repairing Medicare and Social Security to protect and save the programs for current and future retirees—but it is a firm step in the right direction.

Unfortunately, in the year ahead, American families face serious government-imposed burdens. The Affordable Care Act, also known as Obamacare, has resulted in millions of Americans losing the health plans and doctors of their choice. Government mandates force families to pay more and get less. Providing relief from the law needs to be the priority in 2014.

Be assured that I will continue to work every day to promote fiscal responsibility and common sense reforms that will foster a better economic environment for job creation, protect hard working taxpayers and secure a more prosperous future for us all.

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.

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Sincerely,



Paul Ryan
Serving Wisconsin’s 1st District

THE AFFORDABLE CARE ACT—OBAMACARE

The challenges of the Affordable Care Act (ACA) extend beyond a flawed website and a fumbled rollout. More of the law began taking effect in 2013. Consequently, families, businesses, and even some supporters of the law have come to realize that the ACA is bad policy that does not accomplish what it was promised to do.

The law spends trillions of dollars we don't have, raises taxes on workers, businesses and families, and puts the federal government in the middle of health care decisions.

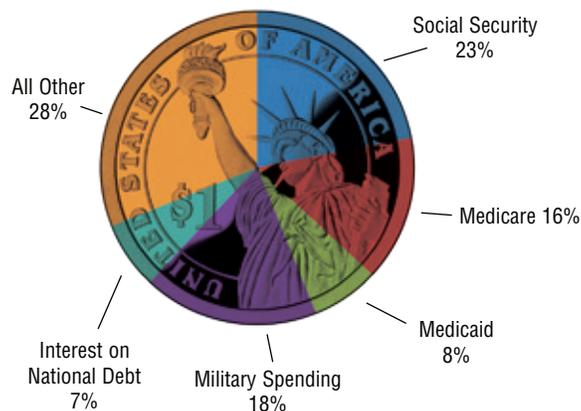
President Obama repeatedly promised Americans, "If you like your health care plan, you can keep it." However, the fact-checking organization PolitiFact declared the President's statement the "Lie of the Year." The truth is that millions of Americans are losing their health care plans and doctors as a result of his signature achievement.

Equally troubling, President Obama promised that Americans would see a \$2,500 reduction in health care premiums. In fact, premiums in the individual insurance market in Wisconsin are projected to increase from 34 percent to 106 percent. As a result, this promise has fallen flat as well.

There is no doubt we need to fix what's broken in health care, but the ACA broke what was working. It exacerbates the worst aspects of the U.S. health care system, creating new burdens for families. Congress should advance solutions that strengthen health care security by taking power away from the government and insurance companies, and instead empower patients and their doctors.

The new ACA entitlement, combined with Social Security, Medicare, and Medicaid, are weighed down by tens of trillions of dollars of unfunded

Composition of Federal Spending—2013



Source: House Budget Committee

liabilities, which are promises the federal government is making to current workers about their health and retirement security, but for which it has no means to pay. By kicking the can down the road, we are sowing the seeds for our next crisis. Medicare and Social Security should be preserved for those in and near retirement. To strengthen these programs for future generations, modest reforms can be made to give beneficiaries the type of health and retirement security enjoyed by federal government employees.

THE PATH TO PROSPERITY

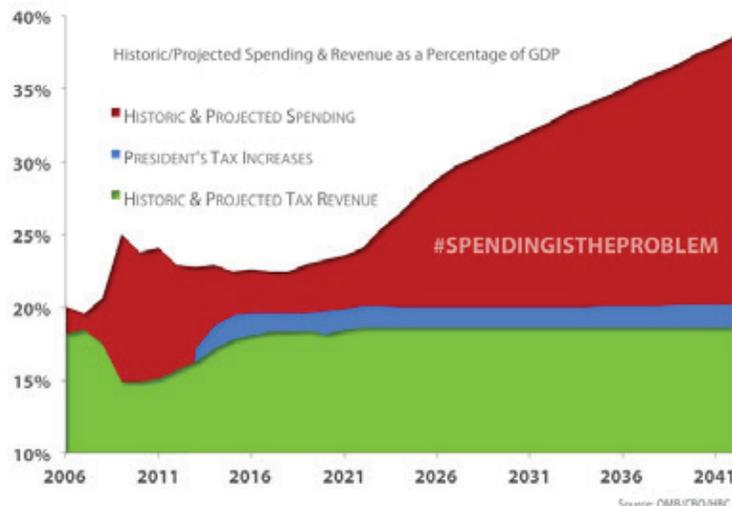
It is clear that government spending is driving our nation's debt and deficits higher and higher. Rather than demand more from hard-working taxpayers and job creators, we need to reduce spending, reform our outdated and overly-complex tax code, and encourage economic growth.

The House-passed budget, the Path to Prosperity, which I authored, shows how we can do this. It pays off the debt, balances the budget, and calls for a simpler tax code so the federal government receives the same amount of revenue, but in a more efficient way. We can make our tax code simpler, fairer and more competitive.

As the following chart makes clear, Washington cannot tax its way out this mess. Instead, Congress must focus on sensibly reining in spending and get our economy growing again. Spending is the problem. Pursuing reforms that spur economic growth and get spending under control is the solution.

**FOR MORE INFORMATION VISIT:
BUDGET.HOUSE.GOV**

Spending Is the Problem



Source: OMB/CBO/HBC

WHERE OUR TAX DOLLARS GO

When our Federal government spends nearly \$3,500,000,000,000 a year and collects more than \$2,700,000,000,000 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 \$12,927 (the median amount for 2013), 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. The chart does not include state and local taxes.

Source: Final Monthly Treasury Statement of Receipts and Outlays of the United States Government for FY2013, Department of Treasury; Tax Policy Center Tax Calculator

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

What You Paid For

A 2013 Taxpayer Receipt for a married couple with two children making \$75,240 a year and paying \$12,927, in federal income tax and FICA taxes (including employer and employee)

Social Security	\$3,034.68
Military Spending	2,274.60
Medicare	2,102.14
Medicaid	993.19
Interest on the National Debt	969.25
Welfare and Income Support	842.57
Veterans Programs and Military Retirement	730.79
Administrative and Independent Agencies	494.41
Labor	300.55
Transportation	285.62

Statement of Federal Revenues and Expenses

Revenues

	Fiscal Year			
	2012	2013	% of total	% change
Individual Income Tax	\$1,132,206,000,000	\$1,316,405,000,000	47%	16%
Social Insurance Taxes				
Social Security Payroll Tax ¹	569,501,000,000	673,274,000,000	24%	18%
Medicare Payroll Tax.....	205,426,000,000	214,171,000,000	8%	4
Unemployment Insurance ²	66,647,000,000	56,810,000,000	2%	-15%
Railroad Retirement/Federal Employee Retirement	3,739,000,000	3,564,000,000	*%	-5%
Corporate Income Taxes	242,289,000,000	273,506,000,000	10%	13%
Excise Taxes and Customs Receipts	109,368,000,000	115,822,000,000	4%	6%
Miscellaneous Receipts	105,943,000,000	101,513,000,000	4%	-4%
Death Taxes ³	13,973,000,000	18,912,000,000	1%	35%
Total	2,449,093,000,000	\$2,773,978,000,000		

Expenses

Social Security ²	\$770,740,000,000	\$810,905,000,000	23%	5%
Military Spending.....	650,864,000,000	607,801,000,000	18%	-7%
Medicare	538,514,000,000	561,718,000,000	16%	4%
Medicaid	250,534,000,000	265,392,000,000	8%	6%
Interest on National Debt	232,029,000,000	258,995,000,000	7%	12%
Welfare/Income Support ³	215,356,000,000	225,146,000,000	7%	5%
Veterans Programs and Military Retirement	201,440,000,000	195,276,000,000	6%	-3%
Administrative and Independent Agencies	123,922,000,000	132,112,000,000	4%	7%
Labor.....	104,610,000,000	80,310,000,000	2%	-23%
Transportation.....	75,148,000,000	76,320,000,000	2%	2%
Homeland Security.....	47,423,000,000	57,219,000,000	2%	21%
Agriculture, Conservation, and Interior ⁴	46,660,000,000	56,655,000,000	2%	21%
Housing	49,597,000,000	56,576,000,000	2%	14%
State and International Assistance	46,957,000,000	45,667,000,000	1%	-3%
Education.....	57,249,000,000	40,910,000,000	1%	-29%
Justice and the Judiciary.....	38,437,000,000	36,857,000,000	1%	-4%
Energy.....	32,481,000,000	24,675,000,000	1%	-24%
NASA	17,190,000,000	16,976,000,000	*%	-1%
Environmental Protection Agency	12,796,000,000	9,484,000,000	*%	-26%
Congress	4,387,000,000	4,279,000,000	*%	-2%
The President	405,000,000	380,000,000	*%	-6%
Treasury (not including interest on debt) ⁵	105,456,000,000	-16,617,000,000	*%	-116%
Total Expenses	\$3,538,256,000,000	\$3,454,253,000,000		

Deficit(-)/Surplus(+) -\$1,089,163,000,000 -680,275,000,000 Spending is 125% above revenues.

Other Undistributed Offsetting Receipts⁶

	-83,939,000,000	-92,783,000,000		
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1. Social Security Payroll Tax increased due to expiration of payroll tax holiday.

2. 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.

3. The Welfare and Income support category includes major means-tested programs such as Food Stamps, Temporary Assistance to Needy Families, the State Childrens Health Insurance Programs, and Supplemental Security Income. 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.

4. 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.

5. Treasury spending is negative for FY2013 due to proprietary receipts from Fannie Mae and Freddie Mac.

6. 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

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paulryan.house.gov

