

2014 ANNUAL REPORT



on the
UNITED STATES
GOVERNMENT



CONGRESSMAN PAUL RYAN
SERVING WISCONSIN'S 1ST DISTRICT

THE AFFORDABLE CARE ACT—OBAMACARE UPDATE

The non-partisan Congressional Budget Office estimates that the Affordable Care Act—commonly referred to as Obamacare—will cost taxpayers \$1.8 trillion over the next decade. Despite spending trillions of dollars, the CBO also concluded that 29 to 31 million Americans will remain uninsured, even after the law is fully implemented.

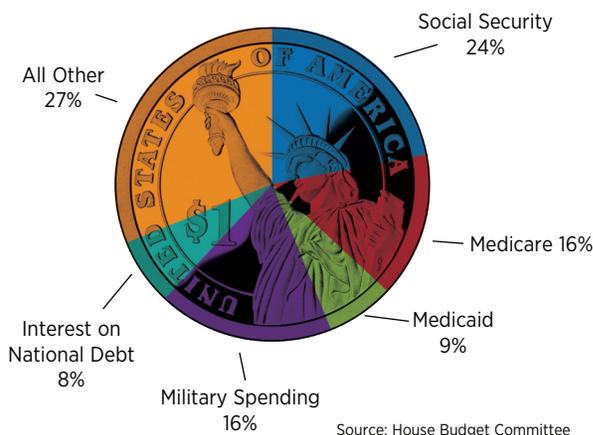
President Obama promised that the average family would save \$2,500 a year on health insurance if his law passed. Instead, the average family has seen their costs increase by \$2,500. In addition, Americans were promised, “If you like your health care plan, you can keep it,” which also proved to be untrue.

As a result of these broken promises, the Affordable Care Act is hurting millions of hardworking taxpayers who have lost their health insurance, millions of people who wanted to keep their doctor but who now cannot, those who now have to pay more for worse coverage, and those who either have lost their jobs or have seen their hours cut.

The Affordable Care Act also includes 20 new taxes and cuts Medicare by more than \$700 billion to finance the law’s new health insurance subsidies. Rather than taking money from Medicare, we should be shoring up the program to keep our promise to current seniors and soon-to-be retirees.

We don’t need one big government-controlled health care system: We need a system that will return choice and control to patients and doctors—not hospitals, insurance companies, and government bureaucrats. And we need to provide targeted assistance for people who need help buying insurance and guaranteed coverage for people with pre-existing conditions.

Composition of Federal Spending—2014



I believe hardworking taxpayers deserve better. We should replace Obamacare with a market-based system in which health insurance companies have to compete for our business, and we can shop for the policies we want at the best possible price.

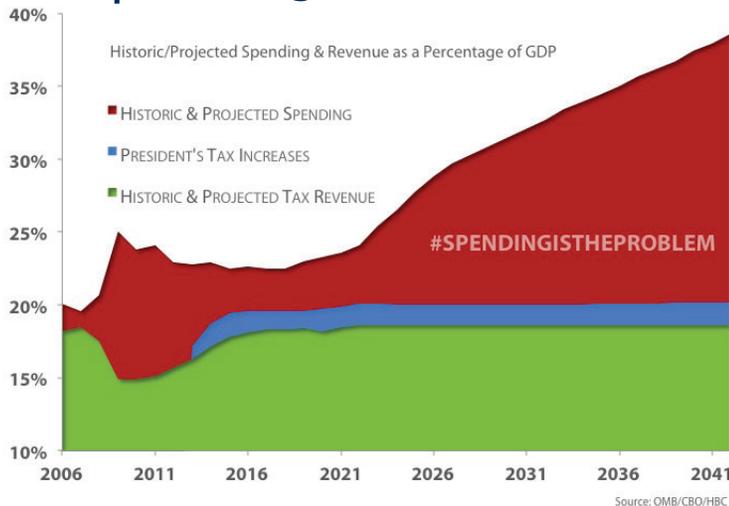
A TAX CODE THAT WORKS FOR EVERYONE

Currently, the U.S. corporate tax rate is just over 35 percent—the highest rate in the industrialized world. Additionally, the top individual tax rate on smaller, unincorporated businesses reaches 44.6 percent. Most small businesses, commonly referred to as pass-through businesses, pay their federal income taxes as individuals, not as corporations.

In Wisconsin, approximately 9 out of 10 businesses file their taxes as individuals and thus are forced to pay the higher rate. These are the small businesses and manufacturers that we find in our local industrial parks, and they provide jobs in our communities. In order for these small businesses to create more jobs, we need to reform the tax code for both individuals and corporations. We cannot leave out small businesses by focusing solely on the corporate tax code and ignoring the individual portion of the tax code.

I will continue to advocate for meaningful changes to our nation’s broken tax system—changes that make the code fairer, simpler, and more competitive for everybody. Lowering the overall rates and eliminating special interest loopholes will promote economic growth, support job creation, and secure the American dream for generations to come.

Spending Is the Problem



WHAT OUR TAX DOLLARS PAY FOR

When our Federal government spends over \$3,500,000,000,000 a year and collects more than \$3,000,000,000,000 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 2014), would have paid to fund various federal government programs and agencies.

Please note: The chart reflects only 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 FY2014, 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 2014 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	\$3,173.31
Military Spending	2,163.12
Medicare	2,153.58
Medicaid	1,128.21
Interest on the National Debt	1,015.87
Welfare and Income Support	820.68
Veterans Programs and Military Retirement	772.59
Administrative and Independent Agencies	426.23
Labor	284.99
Transportation	214.06

Statement of Federal Revenues and Expenses

Revenues

	Fiscal Year			
	2013	2014	% of total	% change
Individual Income Tax.....	\$1,316,405,000,000	\$1,394,567,000,000	46%	6%
Social Insurance Taxes				
Social Security Payroll Tax.....	673,274,000,000	735,602,000,000	24%	9%
Medicare Payroll Tax.....	214,171,000,000	229,465,000,000	8%	7%
Unemployment Insurance.....	56,810,000,000	55,394,000,000	2%	-2%
Railroad Retirement/Federal Employee Retirement.....	3,564,000,000	3,472,000,000	**%	-3%
Corporate Income Taxes.....	273,506,000,000	320,731,000,000	11%	17%
Excise Taxes and Customs Receipts.....	115,822,000,000	127,294,000,000	4%	10%
Miscellaneous Receipts.....	101,547,000,000	135,024,000,000	4%	33%
Death Taxes.....	18,912,000,000	19,300,000,000	1%	2%
Total	\$2,774,011,000,000	\$3,020,849,000,000		

Expenses

Social Security.....	\$810,905,000,000	\$847,947,000,000	24%	5%
Military Spending.....	607,801,000,000	578,013,000,000	16%	-5%
Medicare.....	561,718,000,000	575,464,000,000	16%	2%
Medicaid.....	265,392,000,000	301,471,000,000	9%	14%
Interest on National Debt.....	258,995,000,000	271,453,000,000	8%	5%
Welfare and Income Support ¹	225,146,000,000	219,296,000,000	6%	-3%
Veterans Programs and Military Retirement.....	195,276,000,000	206,446,000,000	6%	6%
Administrative and Independent Agencies.....	132,058,000,000	113,894,000,000	3%	-14%
Transportation.....	76,320,000,000	76,154,000,000	2%	0%
Labor ²	80,310,000,000	57,200,000,000	2%	-29%
Education ³	40,910,000,000	56,909,000,000	2%	39%
Agriculture, Conservation, and Interior.....	56,654,000,000	50,740,000,000	1%	-10%
Homeland Security ⁴	57,219,000,000	43,812,000,000	1%	-23%
Housing ⁵	56,576,000,000	38,524,000,000	1%	-32%
State and International Assistance.....	45,645,000,000	46,112,000,000	1%	1%
Justice and the Judiciary.....	36,857,000,000	35,573,000,000	1%	-3%
Energy.....	24,675,000,000	23,630,000,000	1%	-4%
Treasury (not including interest on debt) ⁶	-16,603,000,000	17,361,000,000	**%	205%
NASA.....	16,976,000,000	17,093,000,000	**%	1%
Environmental Protection Agency.....	9,484,000,000	9,400,000,000	**%	-1%
Congress.....	4,312,000,000	4,156,000,000	**%	-4%
The President.....	380,000,000	373,000,000	**%	-2%
Total Expenses	\$3,454,223,000,000	\$3,504,199,000,000		

Deficit(-)/Surplus(+)

-\$680,212,000,000

-\$483,350,000,000

Spending is 125% of revenues.

Other Undistributed Offsetting Receipts⁷.....

-92,783,000,000

-86,822,000,000

1. 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.

2. Department of Labor spending has fallen largely due to decreases in outlays for the Unemployment Insurance program.

3. Increases in Department of Education spending are driven by increases in direct student lending outlays.

4. Spending for Homeland Security has fallen largely due to decreases in outlays for the Federal Emergency Management Agency.

5. Spending for Housing has fallen due to an increase in receipts for the Federal Housing Agency's Mutual Mortgage Insurance Capital Reserve Account.

6. Treasury spending has fluctuated due to proprietary receipts from Fannie Mae and Freddie Mac.

7. 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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ANNUAL REPORT TO TAXPAYERS



U.S. House of Representatives Congressman Paul Ryan

December 2014

Dear Fellow Taxpayer:

This month, Congress passed a resolution to keep the government funded and running through September 30, 2015. The one exception to this funding is the Department of Homeland Security, which is only funded through February 27, 2015, to allow the next Congress to address the President's recent executive action on immigration. I supported this legislation because we can't keep lurching from shutdown to shutdown. Hardworking taxpayers deserve a government that works for them, and that's what I am focused on delivering.

In November, my colleagues selected me to become the next Chairman of the **House Ways and Means Committee**. This Committee has jurisdiction over health care, the tax code, trade, and critical safety-net programs like Social Security and Medicare. I'm excited to work with my colleagues in the 114th Congress to pass meaningful reforms that will help create jobs and build a healthy economy.

Specifically, the Ways and Means Committee will:

- **Reform our broken tax code:** We need to make our tax code simpler, fairer, and more competitive, and we do that by lowering tax rates and eliminating special-interest loopholes. A reformed tax code means more take home pay for taxpayers and an improved economy.
- **Open new markets for U.S exports:** The Committee will advance trade policies that will allow U.S. products and businesses to access more overseas markets. Opening up access to new markets through trade agreements will create new opportunities for both U.S. workers and companies to succeed.
- **Strengthen safety-net programs:** Social Security is a critical program; yet, its finances are in dire shape. We have to strengthen this program for current and future generations of retirees. Reforms to our welfare programs are also long overdue, and we need to ensure that every dollar the government spends is going to programs that help people get back on their feet.
- **Make health care more affordable:** Obamacare has created confusion and inefficiencies for individuals and families—but it doesn't have to be this way. We can implement patient-centered reforms that help provide universal access to quality, affordable health care for all Americans.
- **Hold the IRS and federal bureaucrats accountable:** Many were shocked at the partisan actions taken by employees of the Internal Revenue Service, an agency responsible for enforcing our tax laws. The Ways and Means Committee will hold the IRS accountable and make sure they are upholding our tax laws without bias or prejudice.

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 families and businesses in Southern Wisconsin, 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.

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