



# A Breakdown or “Receipt” of How Individuals’ Federal Taxes Are Spent

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## Summary

Some Members of Congress have called for and the Obama Administration and several organizations have created a detailed breakdown or "receipt" showing how individuals' federal tax dollars are spent. Similar to a consumer's itemized receipt for the goods purchased in a store, a taxpayer receipt would provide information about what government goods and services their tax dollars pay for. Specifically, this receipt would provide taxpayers with detailed information regarding the proportion of their tax payments allocated among major federal government expenditure programs. Certain legislation, the Taxpayer Receipt Act (S. 437 and H.R. 1527) would require the Secretary of the Treasury to provide such a receipt. In addition, this receipt would also include the amount of federal debt and the amount of additional borrowing by the federal government per legal U.S. resident at the end of the fiscal year. This report shows how a tax receipt might be calculated for a representative married couple with wage earnings in 2010 using data from the Office of Management and Budget (OMB) on government spending.

For illustrative purposes, federal tax liability for a typical family is calculated in this report using simplifying assumptions regarding income and family composition. Importantly, the representative married couple's income is based on the median income for a married couple household in 2009, adjusted for inflation to 2010. This income is assumed to be entirely from wages. The proportion of tax liability allocated to specific government activities is determined using 2010 data on federal government outlays. Specifically, outlays are organized by functional categories (such as defense, income security, general government) as well as more detailed allocations to specific programs or organizations within these broader expenditure categories (e.g., food stamps or the National Science Foundation). These functional categories combine both mandatory and discretionary spending for the same program or expenditures. (For example, the cost of unemployment compensation includes both the actual costs of payments [mandatory] as well as the administrative costs associated with the program [discretionary]).

This analysis explores the breakdown of government spending by programs in order to clarify the allocation of individual's tax bill; however, the government's expenditures are not entirely financed by revenues from taxation (including corporate taxation). According to the Congressional Budget Office's (CBO's) March 2011 Baseline, in 2010 revenues totaled \$2.163 trillion whereas outlays totaled \$3.456 trillion, equaling a deficit (the excess of outlays over revenues) of \$1.294 trillion financed by borrowing.

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## Overview

Some Members of Congress have called for and the Obama Administration and several organizations have created a detailed breakdown or "receipt" showing how individuals' federal tax dollars are spent. Similar to a consumer's itemized receipt for the goods purchased in a store, a taxpayer receipt would provide information about what government goods and services their tax dollars pay for. Specifically, this receipt would provide taxpayers with detailed information regarding the proportion of their tax payments allocated among major federal government expenditure programs. Advocates argue that a "tax receipt" would help taxpayers better understand the relative costs of different government programs. Recently, Senator Bill Nelson and Representative Mike Quigley introduced bipartisan legislation, the Taxpayer Receipt Act (S. 437 and H.R. 1527) that would direct the Treasury Department to provide each taxpayer with a breakdown of their tax payment among at least 29 different expenditure categories using data provided by the Congressional Budget Office (CBO).

Several organizations have created online calculators in which taxpayers can enter their federal tax liabilities and quickly determine how their taxes are allocated among various categories of government spending.<sup>1</sup> In addition, the White House has posted a tax receipt calculator on its website.<sup>2</sup> Furnishing an accurate paper receipt to every taxpayer might result in an increase in administrative costs, estimated by advocates to cost roughly \$15 million annually,<sup>3</sup> approximately 0.12% of the Internal Revenue Services FY2011 budget.<sup>4</sup>

## Procedure for Calculating a Sample Receipt

This report uses data from the Office of Management and Budget (OMB) on government spending to show how a tax receipt may look for a representative married couple with wage earnings in 2010. The proportional spending allocations by category will remain constant irrespective of a taxpayer's tax liability. However, the actual dollars allocated among these spending categories (as specified in **Table 1**) depend on a taxpayer's total tax liability and will vary among taxpayers insofar as their tax liability varies. For illustrative purposes, federal tax liability for this representative family is calculated using simplifying assumptions regarding income and family composition. Importantly, the representative married couple's income is based on the median income for a married couple household in 2009, adjusted for inflation to 2010. This income is assumed to be entirely from wages. The representative family's total tax liability for 2010 is calculated to be \$16,134.

The proportion of tax liability allocated to specific government activities is determined using 2010 data on federal government outlays. This analysis makes no distinction between the type of taxes—all taxes are used to pay for all expenditures.<sup>5</sup> Outlays are organized by functional

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<sup>1</sup> For more information, see David Kendall and Jim Kessler, *A Taxpayer Receipt*, Third Way, <http://www.thirdway.org/publications/335>.

<sup>2</sup> A description of "Your Federal 2010 Taxpayer Receipt" is available at <http://www.whitehouse.gov/blog/2011/04/15/your-taxpayer-receipt>.

<sup>3</sup> See David Kendall, "What if the IRS Showed How Your Taxes Are Spent," *All Things Considered*, April 15, 2011, <http://www.npr.org/2011/04/15/135446794/what-if-the-irs-showed-how-your-tax-money-is-spent>.

<sup>4</sup> Based on FY2011 appropriations for the Internal Revenue Service. See H.R. 1473.

<sup>5</sup> The Obama Administration's tax receipt calculator assumes that the share of Social Security and Medicare taxes paid (continued...)

categories (such as defense, income security, general government) as well as more detailed allocations to specific programs or organizations within these broader expenditure categories (e.g., food stamps or the National Science Foundation). These functional categories combine both mandatory and discretionary spending for the same program or expenditures. (For example, the cost of unemployment compensation includes both the actual costs of payments [mandatory] as well as the administrative costs associated with the program [discretionary].) The complete methodology is provided in the **Appendix** of this report.

## **Results**

The results of this analysis show that for the representative family, 20.4% of their \$16,134 tax liability for 2010 went toward Social Security (\$3,299), 20.1% went toward National Defense (\$3,238), and 18% (\$2,905) went to Income Security programs of which unemployment compensation was the largest at 4.6% (\$747). Spending on Medicare, Medicaid, and other health programs totaled 13.1% (\$2,108), 7.9% (\$1,273), and 2.8% (\$449), respectively of the representative family's total tax liability. Total net interest on the national debt was the sixth largest expenditure, consuming 5.7% (\$916) of the family's tax bill. Other programs including education, international development, and general federal government costs each composed less than 5% of the tax bill. A breakdown by functional category and a detailed-hypothetical receipt are provided in **Table 1**.

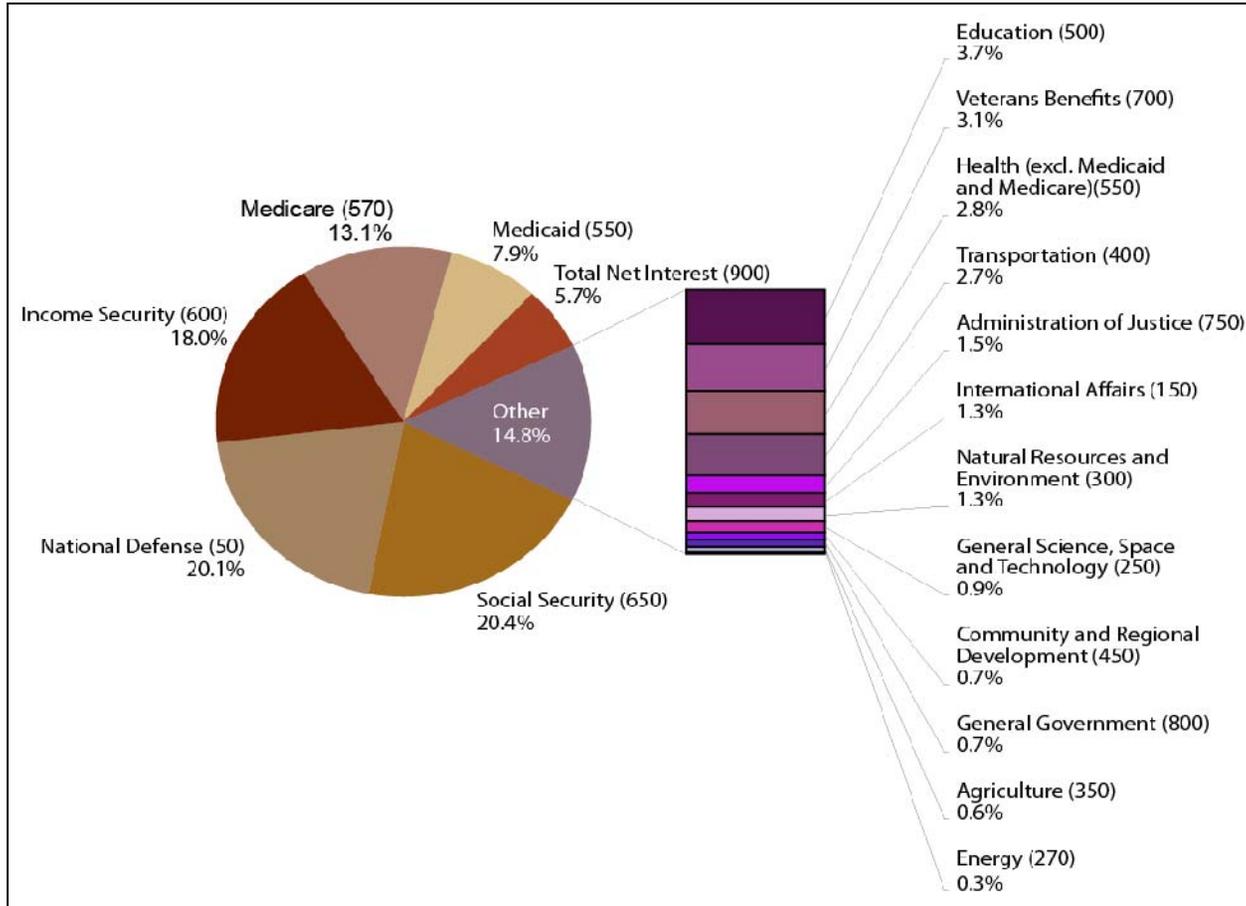
This analysis explores the breakdown of government spending by programs in order to clarify the allocation of an individual's tax bill; however, the government's expenditures are not entirely financed by revenues from taxation (including corporate taxation). According to the Congressional Budget Office's (CBO's) March 2011 Baseline, in 2010 revenues totaled \$2.163 trillion whereas outlays totaled \$3.456 trillion, equaling a deficit (the excess of outlays over revenues) of \$1.294 trillion financed by borrowing. This deferred cost is not allocated to households in this analysis.

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(...continued)

by employees goes entirely to pay for Social Security benefits and Medicare Part A (hospital insurance). This report assumes financing for government programs on a cash basis and does not assume that specific payroll taxes, which are allocated to their respective trust funds, are used dollar for dollar to pay for specific entitlements as the Obama Administration does because trust funds are largely viewed as an accounting mechanism. When a trust fund runs a surplus net of any benefits paid, that surplus is effectively lent to the Treasury to finance general government expenditures. For more information, see [http://www.cbo.gov/ftpdocs/108xx/doc10868/12-23-Trust\\_Fund\\_Accounting.pdf](http://www.cbo.gov/ftpdocs/108xx/doc10868/12-23-Trust_Fund_Accounting.pdf).

**Figure I. Percentage Breakdown of Federal Outlays FY2010 by Functional Category**  
(function codes in parentheses)



**Source:** CRS Analysis of Office of Management and Budget, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2012*, Table 32-1 Budget Authority and Outlays by Function, Category, and Program, pp. 44-89, [http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/32\\_1.pdf](http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/32_1.pdf).

**Notes:** These figures, which represent the composition of outlays in FY2010, exclude the net inflows from Undistributed Offsetting Receipts (950) and Commerce and Housing Credit (370) which each equal -2.4% of outlays in FY2010. As a result, the sum of the percentages in this figure is 104.8.

**Table I. Taxpayer Receipt 2010**

(total federal tax liability for median married couple with one child: \$16,134)

Major Spending Categories and Programs (function code)	Percentage of Federal Outlays FY2010	Tax Payment by Category
<b>Social Security (650)</b>	<b>20.4%</b>	<b>\$3,299.13</b>
<b>National Defense (50)</b>	<b>20.1%</b>	<b>\$3,237.74</b>
<i>Operations and Maintenance</i>	8.0%	\$1,284.94
<i>Military Personnel</i>	4.5%	\$726.78
<i>Military Procurement</i>	3.9%	\$623.67
<b>Income Security (600)</b>	<b>18.0%</b>	<b>\$2,904.55</b>
<i>Unemployment Compensation</i>	4.6%	\$747.00
<i>Food Stamps (include P.R.)</i>	2.0%	\$328.49
<i>Federal Employee Retirement and Disability (excluding military)</i>	2.0%	\$322.87
<i>Earned Income Tax Credit (EITC) (refundable portion)</i>	1.6%	\$255.40
<i>Military Retirement</i>	1.5%	\$236.67
<i>Supplemental Security Income (SSI)</i>	1.4%	\$221.24
<i>Section 8 Rental Assistance</i>	0.8%	\$127.69
<i>Child Tax Credit (refundable portion)</i>	0.7%	\$105.77
<i>Temporary Assistance for Needy Families (TANF)</i>	0.6%	\$95.32
<i>Making Work Pay Tax Credit (refundable portion)</i>	0.4%	\$63.93
<i>First Time Homebuyer Credit (refundable portion)</i>	0.3%	\$40.46
<i>Foster Care and Adoption Assistance</i>	0.2%	\$32.55
<i>Special Supplemental Food Program for Women, Infants and Children (WIC)</i>	0.2%	\$30.20
<i>Low Income Home Energy Assistance (LIHEAP)</i>	0.1%	\$21.46
<i>Child Care and Development Block Grant (CCDBG)</i>	0.1%	\$14.64
<b>Medicare (570)</b>	<b>13.1%</b>	<b>\$2,108.29</b>
<b>Medicaid (550)</b>	<b>7.9%</b>	<b>\$1,273.33</b>
<b>Total Net Interest (900)</b>	<b>5.7%</b>	<b>\$915.86</b>
<b>Education, training, employment and social services (500)</b>	<b>3.7%</b>	<b>\$596.16</b>
<i>Elementary and Secondary Education</i>	2.1%	\$332.60
<i>Education for the Disadvantaged</i>	0.6%	\$91.19
<i>Special Education</i>	0.5%	\$83.67
<i>School Improvement</i>	0.2%	\$25.21
<i>State Fiscal Stabilization Fund (Recovery Act)</i>	0.7%	\$108.69

<b>Major Spending Categories and Programs (function code)</b>	<b>Percentage of Federal Outlays FY2010</b>	<b>Tax Payment by Category</b>
<i>Higher Education</i>	0.6%	\$93.47
<i>Higher Education: Financial Assistance</i>	1.0%	\$158.50
<i>Higher Education: Federal Direct Loans</i>	-0.3%	(\$41.48)
<i>Higher Education: Federal Family Education Loan (FFEL)</i>	-0.4%	(\$56.55)
<i>Children and Families Services Programs</i>	0.3%	\$50.66
<i>Training and Employment Services</i>	0.3%	\$46.00
<i>American Opportunity Tax Credit (refundable portion)</i>	0.1%	\$17.98
<i>Vocational and Adult Education</i>	0.1%	\$9.39
<i>Corporation for National and Community Service</i>	0.0%	\$4.83
<i>Smithsonian and Related Agencies</i>	0.0%	\$4.31
<i>Library of Congress (excluding CRS and Patent and Copyright Expenses)</i>	0.0%	\$2.38
<i>Corporation for Public Broadcasting</i>	0.0%	\$2.36
<b>Veterans Benefits and Services (700)</b>	<b>3.1%</b>	<b>\$505.95</b>
<b>Health (excluding Medicaid and Medicare) (550)</b>	<b>2.8%</b>	<b>\$449.46</b>
<i>National Institutes of Health</i>	1.0%	\$153.47
<i>Federal Employees and Retired Employees Health benefits</i>	0.2%	\$40.20
<i>DOD Medicare-eligible Retiree Health Care</i>	0.2%	\$39.35
<i>Children's Health Insurance Program (CHIP)</i>	0.2%	\$36.82
<i>Health Resources and Services Administration</i>	0.2%	\$33.12
<i>Centers for Disease Control and Prevention</i>	0.2%	\$32.21
<i>Indian Health</i>	0.1%	\$19.63
<i>Substance Abuse and Mental Health Services</i>	0.1%	\$15.52
<i>Food and Drug Administration</i>	0.1%	\$9.77
<i>Consumer Product Safety Commission</i>	0.0%	\$0.48
<b>Transportation (400)</b>	<b>2.7%</b>	<b>\$429.34</b>
<i>Highways and Highway Safety</i>	1.3%	\$209.83
<i>Airports and Air Security</i>	0.6%	\$100.04
<i>Mass Transit</i>	0.4%	\$61.09
<i>Marine Safety</i>	0.2%	\$35.54
<i>Railroads</i>	0.1%	\$12.54
<b>Administration of Justice (750)</b>	<b>1.5%</b>	<b>\$249.45</b>
<i>Federal Law Enforcement Activities (border security, FBI, DEA, etc.)</i>	0.8%	\$129.61
<i>Federal Judicial Activities</i>	0.4%	\$61.03
<i>Courts of Appeals (including Federal) and District Courts</i>	0.2%	\$34.80
<i>Supreme Court</i>	0.0%	\$0.45

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<b>Major Spending Categories and Programs (function code)</b>	<b>Percentage of Federal Outlays FY2010</b>	<b>Tax Payment by Category</b>
<i>Federal Correctional Activities</i>	0.2%	\$36.17
<b>International Affairs (150)</b>	<b>1.3%</b>	<b>\$210.98</b>
<i>International Development and Humanitarian Assistance</i>	0.6%	\$88.76
<i>State Department Operations</i>	0.2%	\$35.94
<i>Contributions for International Peacekeeping</i>	0.1%	\$12.45
<i>Multilateral Development Banks</i>	0.1%	\$10.98
<b>Natural Resources and Environment (300)</b>	<b>1.3%</b>	<b>\$203.82</b>
<i>Environment Protection Agency</i>	0.3%	\$51.39
<i>Corps of Engineers</i>	0.3%	\$45.94
<i>Forest Service</i>	0.2%	\$24.40
<i>National Oceanic and Atmospheric Administration</i>	0.1%	\$22.66
<i>National Park Service</i>	0.1%	\$15.67
<i>Fish and Wildlife Service</i>	0.1%	\$12.60
<i>United States Geological Service</i>	0.0%	\$6.61
<i>Bureau of Land Management</i>	0.0%	\$5.70
<b>General Science, Space and Technology (250)</b>	<b>0.9%</b>	<b>\$144.93</b>
<i>NASA and Space Operations and Supporting Activities</i>	0.5%	\$85.75
<i>National Science Foundation Programs</i>	0.2%	\$31.09
<i>Department of Energy Science Programs</i>	0.1%	\$23.65
<b>Community and Regional Development (450)</b>	<b>0.7%</b>	<b>\$111.12</b>
<i>Disaster Relief and Insurance</i>	0.3%	\$49.73
<i>Community Development</i>	0.3%	\$46.22
<b>General Government (800)</b>	<b>0.7%</b>	<b>\$107.51</b>
<i>Internal Revenue Service (Central Fiscal Operations)</i>	0.3%	\$53.55
<i>Congress (excluding Tax Court and Congressional Commissions)</i>	0.2%	\$26.84
House	0.0%	\$6.76
House Staff Salaries	0.0%	\$6.27
Representatives' Salaries	0.0%	\$0.47
Senate	0.0%	\$4.25
Senate Staff Salaries	0.0%	\$0.77
Senators' Salaries	0.0%	\$0.11
<i>Government Accountability Office</i>	0.0%	\$2.66
<i>Architect of the Capitol</i>	0.0%	\$2.31
<i>Capitol Police</i>	0.0%	\$1.71
<i>Congressional Research Service</i>	0.0%	\$0.52

<b>Major Spending Categories and Programs (function code)</b>	<b>Percentage of Federal Outlays FY2010</b>	<b>Tax Payment by Category</b>
Government Printing Office	0.0%	\$0.28
Congressional Budget Office	0.0%	\$0.22
<i>Executive Office of the President</i>	<i>0.0%</i>	<i>\$1.80</i>
<i>White House</i>	<i>0.0%</i>	<i>\$0.26</i>
<i>District of Columbia</i>	<i>0.0%</i>	<i>\$1.45</i>
<b>Agriculture (350)</b>	<b>0.6%</b>	<b>\$99.69</b>
<i>Commodity Credit Corporation Fund</i>	<i>0.2%</i>	<i>\$32.89</i>
<i>Crop Insurance</i>	<i>0.1%</i>	<i>\$21.97</i>
<b>Energy (270)</b>	<b>0.3%</b>	<b>\$54.21</b>
<i>Section 1603 Recovery Act Grants in Lieu of Credits</i>	<i>0.1%</i>	<i>\$19.65</i>
<b>Undistributed Offsetting Receipts (950)</b>	<b>-2.4%</b>	<b>(\$383.33)</b>
<b>Commerce and Housing Credit (370)</b>	<b>-2.4%</b>	<b>(\$384.18)</b>
<i>Government Sponsored Enterprise (GSE) Purchase Programs</i>	<i>0.9%</i>	<i>\$144.13</i>
<i>Federal Housing Administration (FHA) loan programs</i>	<i>0.2%</i>	<i>\$30.08</i>
<i>Census Bureau</i>	<i>0.2%</i>	<i>\$29.34</i>
<i>Small and Minority Business Assistance</i>	<i>0.0%</i>	<i>\$6.30</i>
<i>Deposit Insurance</i>	<i>-0.9%</i>	<i>(\$149.53)</i>
<i>Trouble Asset Relief Program (TARP)</i>	<i>-3.2%</i>	<i>(\$515.45)</i>

**Source:** CRS Analysis of Office of Management and Budget, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2012*, Table 32-1 Budget Authority and Outlays by Function, Category, and Program, Washington, DC, pp. 44-89, [http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/32\\_1.pdf](http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/32_1.pdf) and Office of Management and Budget, *Budget of the United States Government: Public Budget Database Fiscal Year 2012*, Individual Database: Outlays, Washington, DC, <http://www.gpoaccess.gov/usbudget/fy12/db.html>.

**Notes:** This table reflects the proportionate amount of spending among the 20 functional categories of the budget in FY2010. The italicized text corresponds to proportionate share of government spending for selected programs or subfunctions, but does not include all subcategories within a functional category. Hence, the sum of the percentage of outlays among subfunction categories and programs may not be equal to the total percentage of outlays of the functional category. In addition, certain subfunction categories have further specificity that is indented in the table, which again may not sum to the total percent of the subfunction. Finally, the total tax calculated in this analysis includes both federal income tax net of applicable credits (which in this example are nonrefundable) plus the employer and employee side of payroll taxes for a representative family of three with a combined income of \$73,008 filing as married jointly.

## Appendix. Methodology

As the report provides an illustration of what a tax receipt might look like for a representative family, this appendix provides the complete methodology used in the analysis.

Generating a tax receipt requires knowledge of both a household's tax liability and the proportional share of government spending in different budget categories.

### 2010 Federal Tax Liability of a Representative Household

The first component needed to create a "tax receipt" is the household's total federal tax liability. To determine the tax liability of a representative household, for the purposes of this illustration, several simplifying assumptions about family structure and income are made. First, the household is assumed to consist of three members (a married couple and one child under 17 years old) who filed their taxes jointly (a tax status of married filing jointly). Second, the median household income<sup>6</sup> for a married couple in 2009 was \$71,830, which after adjusting for inflation totaled \$73,008 in 2010.<sup>7</sup> The tax calculation also assumes that the couple's income derives entirely from wages, they had no other sources of income, they had no "above the line deductions" (like interest on education loans), and they claimed the standard deduction, rather than itemizing deductions.<sup>8</sup>

Based on this family's filing status and number of dependents, the first \$22,350 of their household income would not be taxed (\$11,400 from the standard deduction and a total of \$10,950 in exemptions for the parents and their child). This results in a taxable income of \$50,658 for this household.<sup>9</sup> Based on the 2010 tax schedules for a married couple filing jointly, this household would be expected to pay \$6,764 in federal income taxes before the application of tax credits.<sup>10</sup> Tax credits would reduce the household's federal income tax liability by \$1,800 as this family would be eligible for both \$1,000 from the child tax credit and \$800 from the Making Work Pay Tax Credit for married taxpayers filing jointly (which expired at the end of 2010).<sup>11</sup> This household would not be subject to the Alternative Minimum Tax (AMT). Based on these simplifications and assumptions, this two-parent, one-child family would pay \$4,964 in federal income tax.

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<sup>6</sup> Median income is defined as the income level at which half of the population have incomes above the median and half below. The average household income tends to be greater than the median because of the larger impact that upper income Americans have on the average. In cases where the average is skewed, median can be a better measure of a representative group.

<sup>7</sup> This inflation adjustment was calculated using the Consumer Price Index (CPI-U) for all urban consumers, U.S. City average, All Items.

<sup>8</sup> For more information on these topics, see CRS Report RL30110, *Federal Individual Income Tax Terms: An Explanation*, by Mark P. Keightley and CRS Report RL32808, *Overview of the Federal Tax System*, by Molly F. Sherlock and Donald J. Marples.

<sup>9</sup> Taxable income is generally defined as a taxpayer's adjusted gross income (AGI) minus their deductions (either standard or the sum of their itemized deduction) and total exemptions.

<sup>10</sup> For more information, see CRS Report RL32808, *Overview of the Federal Tax System*, by Molly F. Sherlock and Donald J. Marples.

<sup>11</sup> For more information on the Making Work Pay tax credit, see CRS Report R40969, *Withholding of Income Taxes and the Making Work Pay Tax Credit*, by John J. Topoleski.

Payroll taxes also comprise a significant portion of many families tax bill. Given that this family's income derives entirely from wages (and they are below the earning cap for Social Security), all of their earnings would also be subject to payroll taxes. Many economists believe workers pay the entire amount of the employers 6.2% contribution to Social Security and 1.45% contribution to Medicare in reduced wages. Hence, their income would be subject to 15.3% of payroll taxes, meaning they would pay (both in withholding and reduced wages) \$11,170 in payroll taxes.

The combined federal income and payroll tax liability for this representative household would total \$16,134 in 2010.

## **Proportionate Share of Budgetary Outlays by Category**

The second component needed to produce a "tax receipt" is the relative shares of spending among different budget categories. To determine the share of tax dollars allocated to different government programs, this analysis determines the proportionate share of outlays in specific categories by dividing the amount of outlays per category by the total on-budget and off-budget outlays of the federal government in FY2010.<sup>12</sup> These categories are largely based upon the budget "functional" and "subfunction" categories.

Functional categories (e.g., national defense and agriculture) provide a means to compare federal funding for activities within broad policy areas that often cut across several federal agencies. Subfunction categories provide a finer division of funding levels within narrower policy areas.<sup>13</sup> If a particular agency is included as a subsection of a functional category, the outlays associated with that agency reflect outlays within that functional category. For example, most of the expenditures associated with the Federal Bureau of Investigation (FBI) fall within functional category 750 under "Federal Law Enforcement Activities," but some outlays for the FBI fall under National Defense (50) and are included in the aggregate share of National Defense as part of budget. In contrast, all expenditures for the House and Senate are entirely included within the functional category of General Government (800). In addition, certain outlays, especially those within the Income Security function, reflect the refundable portion of tax credit. The non-refundable portion of a tax credit is reflected in reduced revenues. Although this representative family is eligible for two credits that are all or partially refundable, they in fact do not receive a refund from either because their tax liability exceeds the amount of the credit.

To determine the amount of their 2010 tax bill that went toward different government expenditures and programs, the family's total tax liability was multiplied by the proportionate share of expenditures in each government category. The result is a dollar-for-dollar breakdown (as shown in **Table 1**) of taxes paid by this representative family for government programs and activities

This analysis explored the breakdown of government spending by programs (as shown in **Figure 1**) in order to clarify the allocation of an individual's tax bill. However, the government's

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<sup>12</sup> Off budget refers to the two Social Security trust funds and transactions of the U.S. Postal Service. On-budget refers to all budgetary accounts except those designated by law as off-budget. Budget documents frequently report both on- and off-budget totals. For more information, see U.S. Government Accountability Office, *A Glossary of Terms Used in the Federal Budget Process*, September 2005, pp. 72-73.

<sup>13</sup> For more information, see CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*, by D. Andrew Austin.

expenditures are not entirely financed by revenues from taxation (including corporate taxation).<sup>14</sup> According to the CBO's March 2011 Baseline, in 2010 revenues totaled \$2.163 trillion whereas outlays totaled \$3.456 trillion, equaling a deficit (the excess of outlays over revenues) of \$1.294 trillion financed by borrowing.<sup>15</sup> This deferred cost was not allocated to households in this analysis.

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<sup>14</sup> For more information on the source of federal revenues, see "Historical Tables: Table 2.2-Percentage Composition of Receipts by Source: 1934-2016" at <http://www.whitehouse.gov/omb/budget/Historicals>.

<sup>15</sup> U.S. Government Accountability Office, *Preliminary Analysis of the President's Budget for 2012*, March 18, 2011, Table 1, <http://www.cbo.gov/ftpdocs/121xx/doc12103/2011-03-18-APB-PreliminaryReport.pdf>.