

What our taxes pay for

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Frustration with taxes and government spending is high these days. Specific opinions as to *where* the government is overspending are fewer and farther between. Most taxpayers don't know what they'd like to see cut, partly because they don't know how the spending breaks down in the first place. (Elected officials are often hesitant to get specific as well; that's a topic for another post.)

The policy proposals offered by Third Way—a leading center-left think tank—often disappoint with their oh-so-careful incrementalism. But here I think they're right on: when you pay your federal income taxes, you ought to get an itemized receipt. In a [policy brief](#) (pdf) published last month, Third Way's David Kendall and Jim Kessler make the case for such a service and explain how it could easily be implemented.

Here's a sample receipt for a middle-class earner:

What You Paid For

2009 tax receipt for a taxpayer earning \$34,140 and paying \$5,400 in federal income tax and FICA (selected items)⁴

| | |
|--|------------|
| Social Security | \$1,040.70 |
| Medicare | \$625.51 |
| Medicaid | \$385.28 |
| Interest on the National Debt | \$287.03 |
| Combat Operations in Iraq and Afghanistan | \$229.17 |
| Military Personnel | \$192.79 |
| Veteran's Benefits | \$74.65 |
| Federal Highways | \$63.89 |
| Health care research (NIH) | \$46.54 |
| Foreign Aid | \$46.08 |
| Education Funding for Low Income K-12 Students | \$38.17 |
| Military Retirement Benefits | \$32.60 |
| Pell Grants for Low Income College Students | \$29.75 |
| NASA Space Program | \$28.09 |
| Internal Revenue Service | \$17.69 |
| Environmental Clean Up (EPA) | \$11.67 |
| The FBI | \$11.21 |
| Head Start | \$10.91 |
| Public Housing | \$10.50 |
| National Parks | \$ 4.27 |
| Drug Enforcement Agency | \$3.14 |
| Amtrak | \$2.23 |
| Smithsonian Museum | \$1.12 |
| Funding for the Arts | \$0.24 |
| Salaries and benefits for members of Congress | \$0.19 |

I'm a fierce (and somewhat excitable) supporter of passenger rail, and whenever I get going on this someone inevitably points out that highways, unlike train tracks, are paid for with fuel taxes. Of course, the government routinely makes up for highway-funding shortfalls using the general revenue—to the tune of 28 times more than it spends on Amtrak. In fact, this supplemental highway spending accounts for a larger share of our federal income tax than Amtrak, Pell Grants, the EPA, Head Start, national parks and arts funding combined, to name just a few things for which your support may brand you a big-government liberal.

Next time I get into one of these debates, it would be helpful to have Third Way's sample receipt in my pocket.

While rail-vs.-highway spending happens to be a pet issue of mine, the most obvious things the above list highlights are the spending behemoths at the top: Social Security, health care, the military and interest on the national debt. If nothing else, an itemized receipt would say, "So you want to talk about reducing government spending? Talk about these things first." Which would be a far more focused public conversation than we're having now.

Income-tax receipts aren't a new idea; people have been proposing this sort of thing for years. If we can put a man on the moon and then, 40 years later, persist in spending almost three times more on the space program than we do on housing for poor people, we ought to be able to print a receipt that says so.