The Distribution of Federal Spending and Taxes in 2006

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Overview

Extends prior CBO distributional analyses by including spending

Snapshot of a single year: calendar year 2006
   Not a lifetime analysis

Household types
   Elderly
   Nonelderly with children
   Nonelderly without children

Income groups among the nonelderly
   Market income quintiles
Federal Spending and Revenues, 2006

Federal Spending: $2.7 Trillion

Federal Revenues: $2.4 Trillion
Allocated Federal Spending and Revenues, 2006

Analyzed the distribution of most federal spending (88 percent), and virtually all federal taxes (98 percent) in calendar year 2006.
Categories of Federal Spending, 2006

Cash and Near-Cash Transfers

- Social Security

Cash Transfers
- Social Security
- Refundable Tax Credits
- SSI
- UI
- TANF
- Means-Tested Veterans’ Benefits
- Black Lung Disability

Near-cash Transfers
- SNAP
- Housing Assistance
- Pell Grants
- Child Nutrition Programs
- WIC
- LIHEAP

Social Security: $785 Billion
Categories of Federal Spending, 2006

Cash and Near-Cash Transfers
- Social Security: $785 Billion

Health Care Transfers
- Medicare: $481 Billion
- Medicaid and CHIP
- Means-Tested Veterans’ Health Benefits
Categories of Federal Spending, 2006

Cash and Near-Cash Transfers
- Social Security: $785 Billion

Health Care Transfers
- Medicare: $481 Billion

Other Goods and Services
- National Defense: $1,080 Billion
  - National Defense
  - Other HHS
  - Education
  - OPM
  - Transportation
- Other Veterans Affairs
  - Agriculture
  - Justice
  - Energy
  - Other
Categories of Federal Spending, 2006

- Cash and Near-Cash Transfers: Social Security - $785 Billion
- Health Care Transfers: Medicare - $481 Billion
- Other Goods and Services: National Defense - $1,080 Billion
- Unallocated Spending: Interest On Debt - $312 Billion

Total Spending: $2.7 Trillion
Spending on Cash and Near-Cash Transfers, by Type of Household, 2006

(Billions of dollars)
Spending on Health Care Transfers, by Type of Household, 2006

(Billions of dollars)

- **Elderly**: Medicare (300 billion dollars) and Other (100 billion dollars)
- **Nonelderly Without Children**: Medicaid and Other (100 billion dollars)
- **Nonelderly With Children**: Medicaid and Other (50 billion dollars)
Federal Taxes, by Type of Household, 2006

(Billions of dollars)

- Elderly
- Nonelderly With Children
- Nonelderly Without Children
Average Transfers, Taxes, and Transfers Minus Taxes, by Type of Household, 2006

(Dollars per household)

- Elderly
  - Transfers
  - Transfers minus Taxes
  - Taxes

- Nonelderly with Children
  - Transfers minus Taxes

- Nonelderly without Children
  - Transfers minus Taxes
Federal Spending, 2006

- Cash and Near-Cash Transfers: $785 Billion
- Health Care Transfers: $481 Billion
- Other Goods and Services: $1,080 Billion
- Unallocated Spending: $312 Billion

Total Spending: $2.7 Trillion
Federal Spending on Other Goods and Services, by Type of Household, 2006

(Billions of dollars)

Allocated by Share of Population
Allocated by Share of Market Income

Elderly
Nonelderly with Children
Nonelderly without Children
Average Spending Minus Taxes, by Type of Household, 2006

(Dollars per household)

Transfers plus Other G&S (by Share of Population) minus Taxes

Transfers plus Other G&S (by Share of Market Income) minus Taxes

Transfers minus Taxes

Elderly
Nonelderly with Children
Nonelderly without Children
Spending and Revenues Allocated to Nonelderly Households

Federal Spending

$1.5 Trillion

Federal Revenues

$2 Trillion

$2.7 Trillion

$2.4 Trillion
Spending on Nonelderly Households

- **Cash and Near-Cash**: $375 Billion
- **Health Care**: $175 Billion
- **Other Goods and Services**: $920 Billion

Total: $1.5 Trillion
Spending on Cash and Near-Cash Transfers for Nonelderly Households

Cash and Near-Cash Transfers

$375 Billion

By Income Group

Lowest Quintile
Spending on Cash and Near-Cash Transfers for Nonelderly Households, by Income Group and Transfer Type

(Billions of dollars)

- **Near-Cash Transfers**
- **Other Cash Transfers**
- **Social Security**

Income Quintiles:
- **Lowest Quintile**
- **Middle Quintile**
- **Highest Quintile**
Spending on Health Care Transfers for Nonelderly Households

By Income Group

- Lowest Quintile

$175 Billion
Spending on Health Care Transfers for Nonelderly Households, by Income Group and Transfer

(Billions of dollars)
Spending on Transfers for Nonelderly Households, by Income Group

(Billions of dollars)

- Lowest Quintile
- Middle Quintile
- Highest Quintile
Taxes Paid by Nonelderly Households

$2 Trillion

Highest Quintile
Average Market Income Plus Transfers Minus Taxes for Nonelderly Households

(Dollars per household)

- **Lowest Quintile**: UP 101%
- **Middle Quintile**: DOWN 14%
- **Highest Quintile**: DOWN 27%
Federal Spending on Other Goods and Services for Nonelderly Households

Other Goods and Services
- $920 Billion

Allocated by Share of Population
- Lowest Quintile

Allocated by Share of Market Income
Average Spending Minus Taxes for Nonelderly Households

(Dollars per household)

- Transfers minus Taxes
- Transfers plus Other G&S (by Share of Population) minus Taxes
- Transfers plus Other G&S (by Share of Market Income) minus Taxes

Lowest Quintile
Middle Quintile
Highest Quintile
Recap

Extends prior CBO distributional analyses by including spending

More spending on elderly households than taxes paid by those households in 2006; the opposite was true for nonelderly households

Among the nonelderly, more spending on lower income households than taxes paid by those households in 2006; the opposite was true for higher income households