



WHERE DO YOUR TAX DOLLARS GO?

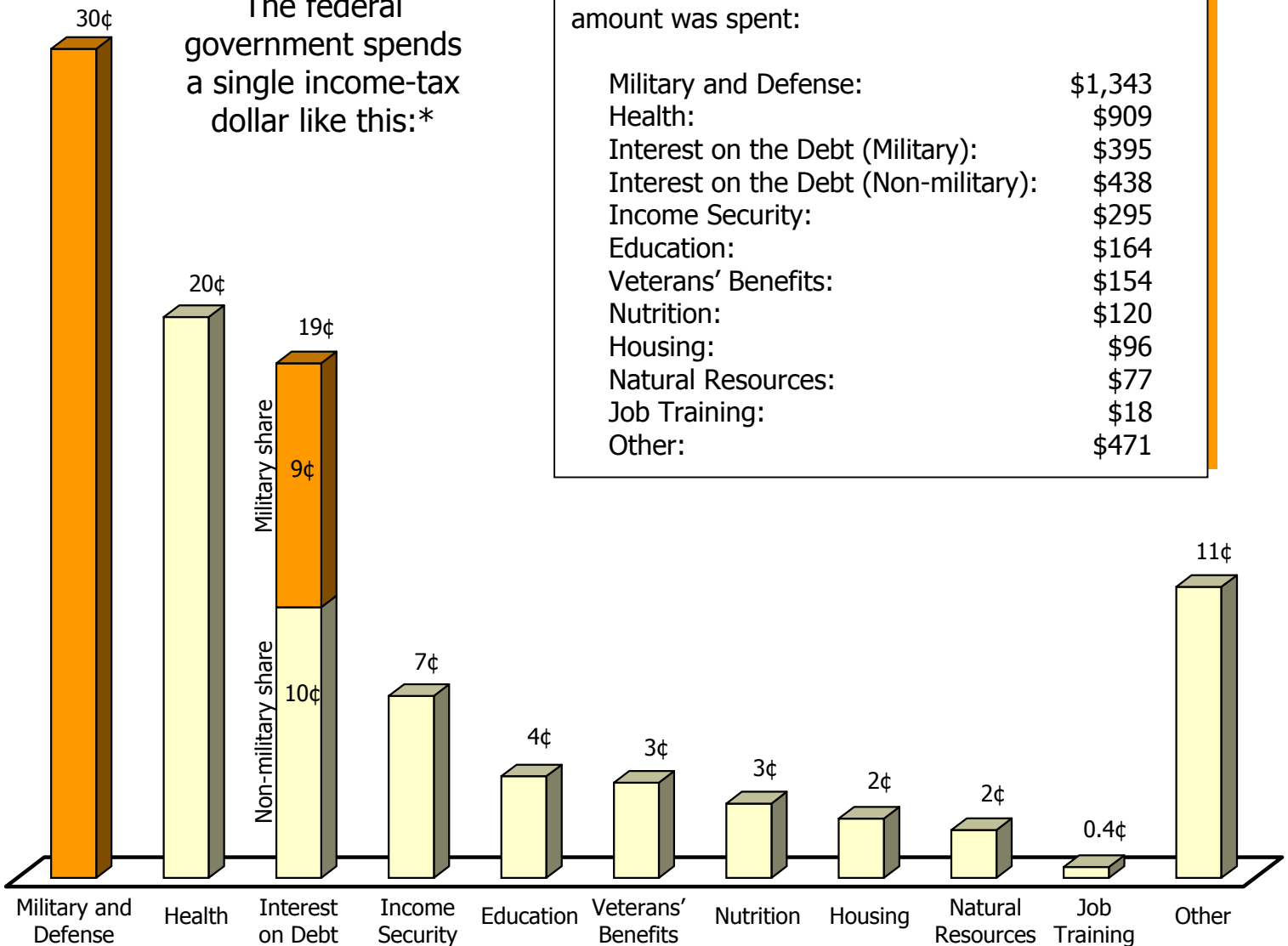
ALABAMA

April 2005

The average household in Alabama paid \$4,481 in federal income taxes in 2004. Here is how that amount was spent:

Military and Defense:	\$1,343
Health:	\$909
Interest on the Debt (Military):	\$395
Interest on the Debt (Non-military):	\$438
Income Security:	\$295
Education:	\$164
Veterans' Benefits:	\$154
Nutrition:	\$120
Housing:	\$96
Natural Resources:	\$77
Job Training:	\$18
Other:	\$471

The federal government spends a single income-tax dollar like this:*



Notes: *The breakdown of the individual income-tax dollar refers to the Federal funds budget outlays and does not include trust fund outlays (such as Social Security). The breakdown is based on fiscal year 2004 actual outlays extracted from the *Budget of the U.S. Government, FY2006, Appendix*. Numbers may not add up to totals due to rounding. *Military and defense* includes the government definition of national defense, other military programs, and the Department of Homeland Security (DHS). *Income security* includes Supplemental Security Income (aimed at elderly, disabled and blind with low income), tax credit programs, TANF, child care spending and other programs aimed at families. *Other* includes the following function and sub-function areas: general science, space and technology; international affairs other than military assistance; energy; agriculture; commerce and housing credit; transportation; community and regional development; labor and social services other than job training; justice; general government; and undistributed offsetting receipts. For more information on the analysis, go to *Where do Your Tax Dollars Go? Notes and Sources* available at www.nationalpriorities.org/TaxDay2005/sources.pdf.

MILITARY DOMINATES SECURITY SPENDING

Close to one-third of the income-tax dollar is spent on **national security**. This money is divided into military spending, homeland security, and preventive measures such as diplomacy, peacekeeping and development aid. Less than a penny goes to preventive measures that help mitigate conflict and alleviate many of the conditions that produce breeding grounds for terrorists.

Distribution of Security Dollars



MORE ON YOUR TAX DOLLAR...



Only half of a penny is spent on energy conservation. Safe, reliable and affordable energy alternatives will insure our country against future instability and conflict by reducing our dependence upon fossil fuels.



Housing assistance accounts for about 2¢ of every tax dollar and made up \$36.6 billion in federal outlays last year. By contrast, homeowners with mortgages claimed \$70 billion in reduced taxes. Two-thirds of that amount went to those with incomes more than \$100,000 a year.³



Interest payments on the national debt consume 18.6¢ of every income-tax dollar. While interest rates have remained low, stemming the impact of growing debt, large deficits this year and to come may demand a larger portion of income-tax dollars in the future.



Veterans' benefits account for about 3.4¢ of the income-tax dollar and include health, education, retirement and other benefits for veterans. Veterans organizations have put forth an alternative budget which indicates that \$4.3 billion more is needed in funding. Other changes are required to address rapidly-rising health care costs, special needs of disabled veterans, and other promised benefits for veterans.⁴

Notes: ¹Preventive measures refer to all non-military forms of international assistance, conduct of foreign affairs, foreign information and exchange activities and international financial programs. ²Total homeland security outlays in 2004 are not possible to estimate given the presentation of the budget materials by OMB. However, OMB, *Mid-session Review, FY2005* cites discretionary outlays as \$29 billion; mandatory outlays as published in the *Public Database, FY2006* add another \$434 million. ³Joint Committee on Taxation. ⁴*Independent Budget, FY2006*. For more information and links to sources, go to *Where do Your Tax Dollars go? Notes and Sources* available on the NPP website at www.nationalpriorities.org/TaxDay2005/sources.pdf.