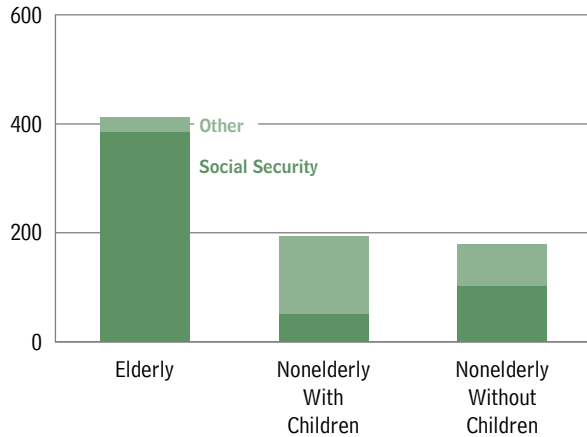


Distribution of Federal Spending and Taxes, by Type of Household, 2006

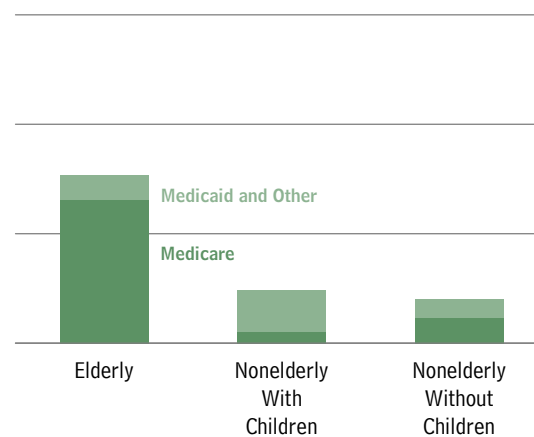
Spending on Cash and Near-Cash Transfers

Billions of dollars



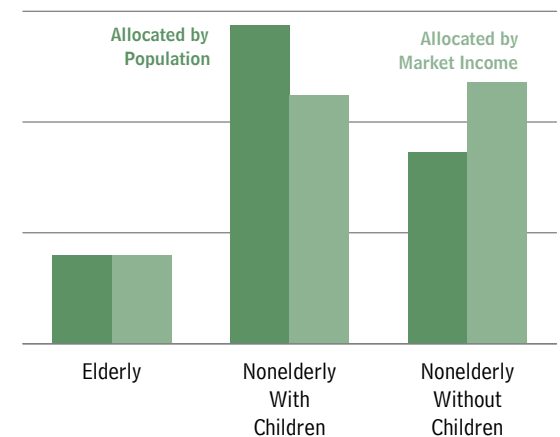
About 30 percent of federal spending in 2006, or \$785 billion, went to assistance programs that provide cash payments or "near-cash" benefits (such as help with food, housing, or college tuition) to households. Social Security accounted for more than two-thirds of that spending and therefore significantly affected its distribution. About \$415 billion in cash and near-cash transfers went to elderly households, of which more than \$385 billion—or almost 95 percent—was spending on Social Security.

Spending on Health Care Transfers



About 18 percent of federal spending in 2006, or approximately \$480 billion, went to programs that provide health care benefits. The largest of those programs is Medicare, which accounted for over two-thirds of spending in this category. About \$305 billion in health care transfers went to elderly households, including about \$260 billion—or 85 percent—in net spending on Medicare.

Spending on Other Goods and Services

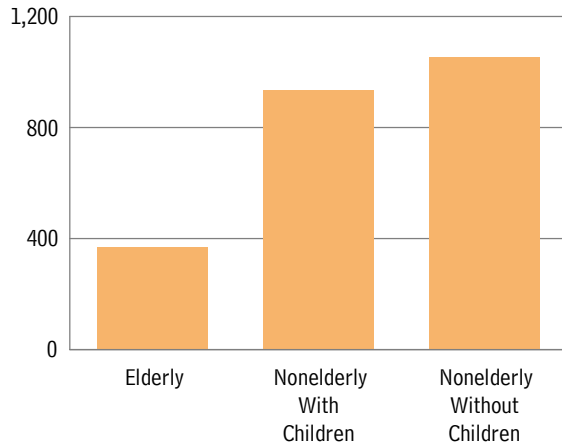


About 40 percent of federal spending in 2006, or \$1.1 trillion, was for things other than transfers, such as national defense, the judicial system, agriculture, and education. (That figure excludes interest payments on federal debt held by the public.) Because of uncertainty about how best to allocate such spending among households, CBO allocated it in two alternative ways: in proportion to each household's share of the population (that is, with spending divided equally among everyone in the United States) and in proportion to each household's share of total market income.

Distribution of Federal Spending and Taxes, by Type of Household, 2006 (Continued)

Taxes

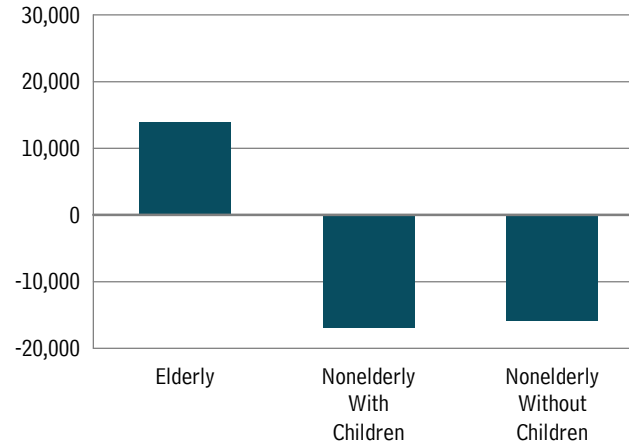
Billions of dollars



The federal government collected \$2.4 trillion in revenues in 2006. Overall, the three types of households accounted for shares of total revenues that were roughly equal to their shares of total market income. People in elderly households paid taxes (including customs duties) that accounted for 15 percent of revenues in 2006; people in nonelderly households with children, 39 percent; and people in nonelderly households without children, 44 percent. (The remaining 2 percent of federal revenues were not allocated to households in this analysis.)

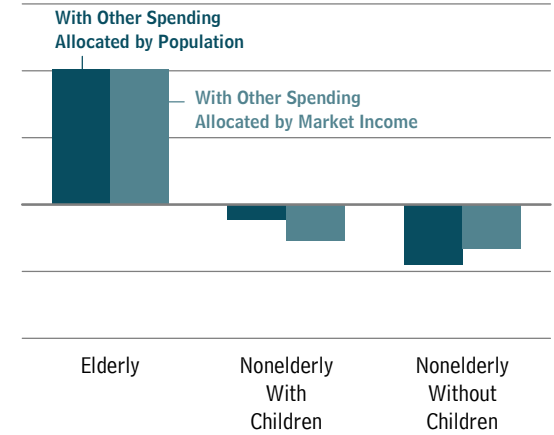
Average Transfers Minus Taxes

Dollars per household



On average, elderly households received more in cash, near-cash, and health care transfers in 2006 than they paid in taxes, whereas nonelderly households paid more in taxes than they received in transfers. Average transfers exceeded taxes paid by about \$14,000 for elderly households, but tax payments exceeded transfers by about \$17,000 for nonelderly households with children present and by about \$16,000 for nonelderly households without children present.

Average Spending Minus Taxes



With federal spending on other goods and services added to spending on transfers, average spending on elderly households in 2006 outstripped the average taxes paid by those households by about \$20,000. In contrast, taxes paid exceeded federal spending by an average of about \$2,000 for nonelderly households with children present and \$9,000 for nonelderly households without children present if spending on other goods and services is allocated in proportion to each household's share of the population; those differences were about \$6,000 and \$7,000, respectively, if such spending is allocated in proportion to a household's share of market income.