



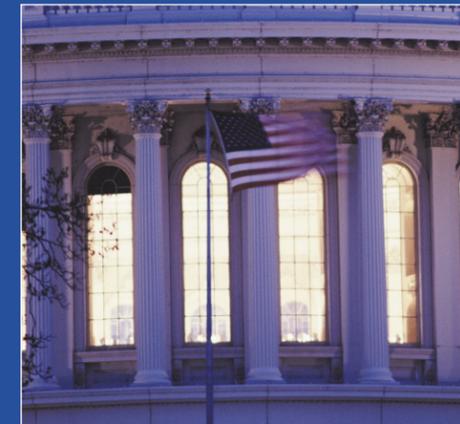
U.S. House of Representatives
WASHINGTON, DC 20515

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Paul Ryan
PPSRT STD M.C.

2002 ANNUAL REPORT



on the
**UNITED STATES
GOVERNMENT**



**CONGRESSMAN PAUL RYAN
SERVING WISCONSIN'S 1ST DISTRICT**

ANNUAL REPORT TO TAXPAYERS



*U.S. House of Representatives
Congressman Paul Ryan*

Dear fellow taxpayer:

As taxpayers, we are shareholders in the federal government. Therefore, we are entitled to know how much money the government collects from us and how our money is spent. That is why I am sending you this 2002 Annual Report, which summarizes the U.S. government's finances.

It is important to consider a number of points as you analyze this year's report:

- As I noted in last year's report, the country went into a recession in March of 2001. The September 11, 2001 attacks on our nation worsened our economy by contributing to additional job losses, lower tax collections and increased federal spending to fight the War on Terrorism and provide Homeland Security.
- Due to these setbacks, fiscal year 2002 resulted in a federal budget deficit for the first time since 1997. Fortunately, the Congressional Budget Office concluded that if federal spending is held in check, the federal government is projected to once again be experiencing budget surpluses by 2006. From 1997-2001, budget surpluses were used to pay down over \$557,700,000,000 in federal debt. For example, in 2001, 94% of the budget surplus was used to pay down the public debt. The remaining 6% was returned to the taxpayers.
- According to Federal Reserve Chairman Alan Greenspan, the economy would have fallen into an even deeper recession if not for the tax cuts that were enacted in 2001. In fact, the Congressional Budget Office reports that without last year's tax cuts and stimulus package, more than 1 million more American workers would be out of work today.
- Getting Americans back to work should continue to be our first priority to ensure the economic health of working families. More good-paying jobs will generate additional tax revenues to finance our war effort and other needs, such as paying down our public debt and protecting Social Security and Medicare for future generations.

I hope you find this Annual Report helpful. As always, please feel free to contact me if I can be of assistance to you in dealing with the federal government. I am always happy to respond and be of service to you.

CONTACT PAUL AT:

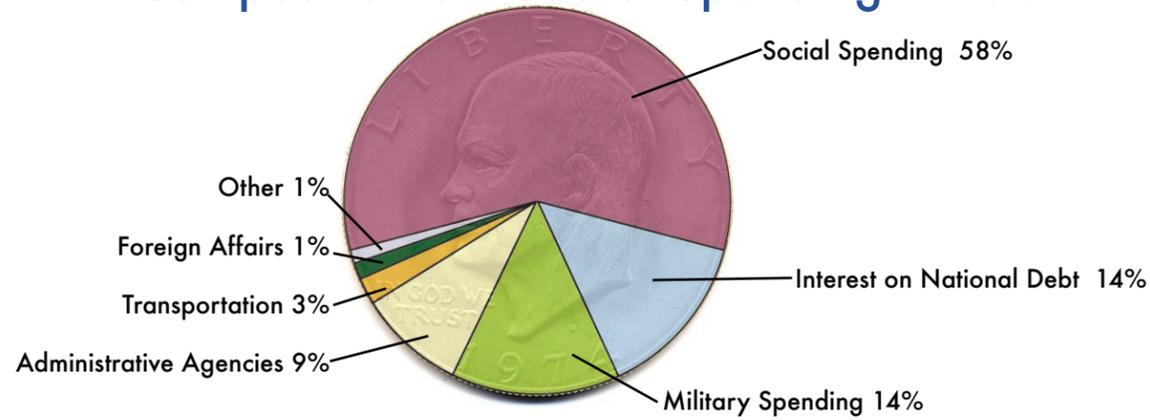
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Sincerely,

Paul Ryan

Paul Ryan
Serving Wisconsin's 1st District

Composition of Federal Spending – 2002



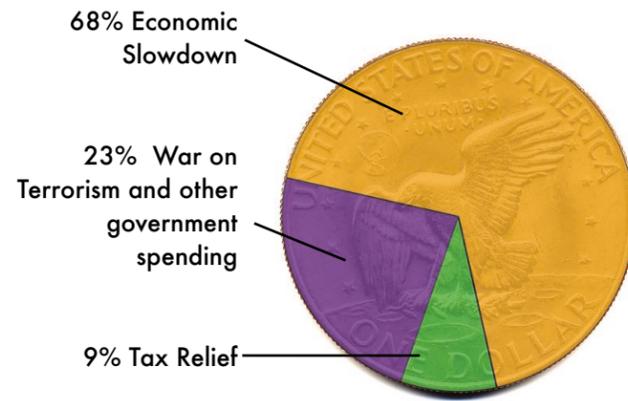
Reasons for Federal Surplus Reduction

Due to the unanticipated economic downturn, the federal government moved into a budget deficit in fiscal year 2002, after four years of budget surpluses. The federal government was originally expected to have a budget surplus of \$313 billion in fiscal year 2002. Contrary to original estimates, however, it ran a deficit of \$158 billion.

The largest factor in moving from a federal budget surplus to a budget deficit was the economic slowdown in fiscal year 2002. The weaker economy accounted for 68 percent of the federal budget surplus reduction.

In addition, paying for the War on Terrorism and other immediate priorities, such as extending unemployment benefits, accounted for 23 percent of the reduction in the budget surplus for fiscal year 2002.

Finally, 9 percent of the federal budget surplus decline was due to the 2001 tax cuts (Public Law 106-16).



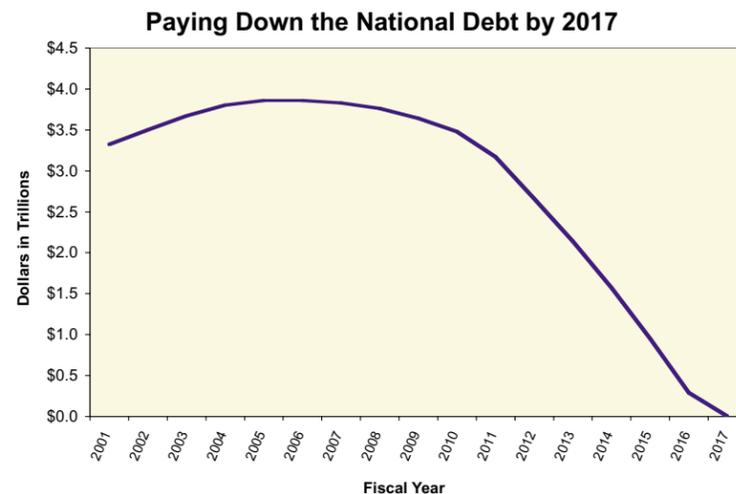
Source: Congressional Budget Office

Paying Off The National Public Debt

In 2001, the federal government was able to accumulate a \$127 billion surplus before the sagging economy and increased government spending severely eroded revenues, as illustrated by the chart above. This year, the federal government is currently projected to run a \$158 billion deficit, which will bring the total amount of public debt to \$3.5 trillion or 34 percent of our Gross Domestic Product (GDP).

The year 2002 represented a stark contrast to the past four years when the strong economy resulted in more tax revenue being collected than was needed to operate the federal government. Although the federal government is expected to run a deficit until 2005, surpluses are projected to reappear in 2006. As a result, the date that all available publicly held debt should be paid off has been pushed back two years since last year's annual report – from 2015 to 2017.

The federal government will reach this point as long as Congress is able to control spending and encourage renewed economic growth. Congress must balance these important goals with its mandate to ensure that Americans are safe from terrorism, both at home and abroad. I believe that the federal government can reach these targets as long as it shows discipline and works towards balancing the national budget.



Source: Congressional Budget Office

Statement of Revenues and Expenses

Revenues

	Fiscal Year ¹			
	2001	2002	% of total	% of change
Individual income taxes	\$994,339,000,000	\$ 858,347,000,000	38%	-13.7%
Social insurance taxes ²	693,967,000,000	700,762,000,000	31%	1.0%
User fees, earmarked taxes and receipts	415,036,000,000	430,238,000,000	19%	3.7%
Corporation taxes	151,075,000,000	148,042,000,000	6%	-2.0%
Excise taxes and customs duties	85,600,000,000	85,591,000,000	4%	0.0%
Miscellaneous receipts	37,664,000,000	34,040,000,000	1%	-9.6%
Death taxes ³	28,400,000,000	26,507,000,000	1%	-6.7%
Less: Tax Rebates	(38,186,000,000)			
Total Revenues	\$2,406,081,000,000	2,283,527,000,000		-5.1%

Expenses

Social spending ⁴	\$1,287,666,000,000	\$1,404,669,000,000	58%	9.1%
Interest on national debt	359,508,000,000	332,537,000,000	14%	-7.5%
Military spending	287,998,000,000	329,957,000,000	14%	14.6%
Administrative agencies ⁵	199,017,000,000	214,897,000,000	9%	8.0%
Transportation ⁶	54,427,000,000	61,692,000,000	3%	13.3%
State and foreign affairs ⁷	31,794,000,000	36,188,000,000	1%	13.8%
Environment, fish, wildlife, parks and interior ⁸	35,388,000,000	37,680,000,000	1%	6.5%
NASA	14,094,000,000	14,429,000,000	1%	2.4%
Judiciary	4,455,000,000	4,857,000,000	*	9.0%
Congress	2,893,000,000	3,129,000,000	*	8.2%
The President ⁹	1,224,000,000	1,570,000,000	*	28.3%
Total Expenses	\$2,278,804,000,000	\$2,442,029,000,000		7.2%
Surplus (DEFICIT)¹⁰	\$127,227,000,000	(\$158,502,000,000)		-224.5%

Source: Congressional Budget Office

* indicates less than 1%

Notes

1. The U.S. Government fiscal year begins on October 1 and ends on September 30.
2. Includes direct taxes and payroll taxes from individuals and employers for disability insurance, Social Security and other federal retirement programs, hospital insurance taxes, and unemployment insurance taxes.
3. Repealed effective January 1, 2010 (Public Law 107-16).
4. Includes arts, education, labor, benefits (such as public housing, child nutrition, food stamps and other agricultural programs) to people and families with incomes below certain levels, federal retirement programs (including Social Security and Medicare), health care services to low-income seniors and families, unemployment benefits, veterans' pensions, and drug control programs.
5. Includes Small Business Administration, the Departments of Energy, Commerce and Justice, as well as EEOC, FCC, FDIC, FEMA and independent agencies.
6. FY02 includes new Transportation Security Administration (established pursuant to Public Law 107-295).
7. Includes Department of State, Peace Corps, Overseas Private Investment Corporation, U.S. Agency for International Development, foreign military sales, and other international assistance programs.
8. Includes EPA, National Park Service, Fish and Wildlife Service, Bureau of Land Management, Forest Service, National Oceanic and Atmospheric Administration, Army Corps of Engineers, and major environmental programs of federal agencies.
9. FY02 includes Emergency Response Fund (established pursuant to Public Law 107-38).
10. Represents unified budget surplus/deficit.