

# Socrates Café

## Wednesday, April 19, 2017

*All political, economic and social points of view are welcomed and encouraged.  
The only ground rule is that we will be polite to those opinions that differ from our own*

### Can We Afford Our Government Spending or Must We Change?

Shown below is a detailed projection from the Congressional Budget Office, prepared in 2016, of U.S. Government expenditures for fiscal 2017, which began October 1, 2016. The magnitude of the numbers is difficult for any of us to comprehend. Envision spending a dollar a second, 24 hours a day. We would spend \$86,400 in a day a little less than 12 days to spend a million dollars. Spending a billion dollars would require 32 years and 32,000 to spend a trillion dollars.

As of now, our federal debt is just under \$20 trillion. On March 30 the CBO said the national debt is on track to nearly double over the next three decades. The debt has doubled since 2008 to about 77% of gross domestic product and would reach 150% of GDP in 2047, the highest level since its post-World War II peak. That is up from an estimate of 145% made this past January.

Can we continue as we have or must we change? And if we have to change, what are those changes and we should any changes begin to be implemented?

#### Congressional Budget Office Fiscal Year 2017 Analysis

**GDP:** \$17T

**Total Receipts:** \$3.21T

**Total Outlays:** \$3.65T

**Total Surplus or Deficit as Percentage of GDP:** -2.6%

- Income from individual income taxes in 2017 is estimated to be about **49%** of all receipts that year. This is **far greater** than average when compared to receipts from other years (*average proportion = 45%*). Income tax is levied on over 100 million American households each year.
- Payroll tax income is estimated to be about **31%** of all receipts that year. This is **greater** than average when compared to receipts from other years (*average proportion = 30%*). Payroll taxes are taxes that employers are required to pay when they pay their staff their salaries.
- Corporate income taxes are estimated to make up **11%** of all receipts that year. This is **less** than average when compared to receipts from other years (*average proportion = 14%*). Corporate income tax is imposed at the federal level on all entities treated as corporations.

#### Spending Overview

- Spending on Social Security, unemployment, and labor is estimated to be about **36%** of all outlays in 2017. This is **greater** than average when compared to budgets from other years. (*Average proportion = 35%*)
- Medicare and general health spending is estimated to be about **28%** of all outlays that year. This is one of the highest proportions spent when compared to budgets from other years. (*Average proportion = 14%*)
- Spending on national defense is estimated to be about **15%** of all outlays that year. This is **less** than average when compared to budgets from other years. (*Average proportion = 22%*)
- As for spending on net interest, the government estimates it will dedicate about **7%** of all its outlays that year to paying down its accumulated debt. This is **less** than average when compared to budgets from other years. (*Average proportion = 8%*)
- All other programs (agriculture, energy, commerce and housing credit, community and regional development, etc.) in 2017 are estimated to make up approximately **14%** of national spending.

## Spending By Program: FY 2017

<u>Department or Agency</u>	<u>Outlays</u>
Dept. of Agriculture	\$133,302,534,318
Dept. of Commerce	\$9,280,183,034
Dept. of Defense - Military Programs	\$516,397,395,283
Dept. of Education	\$60,223,512,847
Dept. of Energy	\$26,727,384,723
Dept. of Health and Human Services	\$1,007,294,966,561
Dept. of Homeland Security	\$42,018,655,403
Dept. of Housing and Urban Development	\$35,848,292,854
Dept. of the Interior	\$13,234,776,487
Dept. of Justice	\$31,040,126,715
Dept. of Labor	\$44,845,124,956
Dept. of State	\$25,400,387,187
Dept. of Transportation	\$75,526,223,160
Dept. of the Treasury	\$544,077,789,510
Dept. of Veterans Affairs	\$158,588,525,167
Environmental Protection Agency	\$7,649,595,212
General Services Administration	\$1,129,883,843
International Assistance Programs	\$23,257,655,755
NASA	\$16,944,737,768
Social Security Administration	\$907,837,909,186

## Mandatory vs. Discretionary Spending

Mandatory spending is federal spending that is spent based on existing laws rather than the budgeting process. This spending is mainly comprised of entitlement programs, such as Social Security and Medicare, whose spending criteria is determined by who is eligible to apply for benefits and not by Congress. Discretionary spending, on the other hand, is the portion of the budget that the president requests and Congress appropriates every year through legislation.

**FY 2017 Mandatory Spending - \$2.56 TRILLION**

**FY 2017 Discretionary Spending - \$1.08 TRILLION**

## Debt – 2017 Key Facts

The federal debt – also referred to as the national debt – is the sum of all past deficits, minus the amount the federal government has since repaid. Every year in which the government runs a deficit, the money it borrows is added to the federal debt. If the government runs a surplus, it uses the extra money to pay down some of its debt. In 2017, the government is estimated to have a total debt of \$17.7T. At 104.4% of GDP, this percentage is extremely high when compared to other years (*avg. 59.0%*). *All numbers are adjusted for inflation.*