



# WHERE DO YOUR TAX DOLLARS GO?

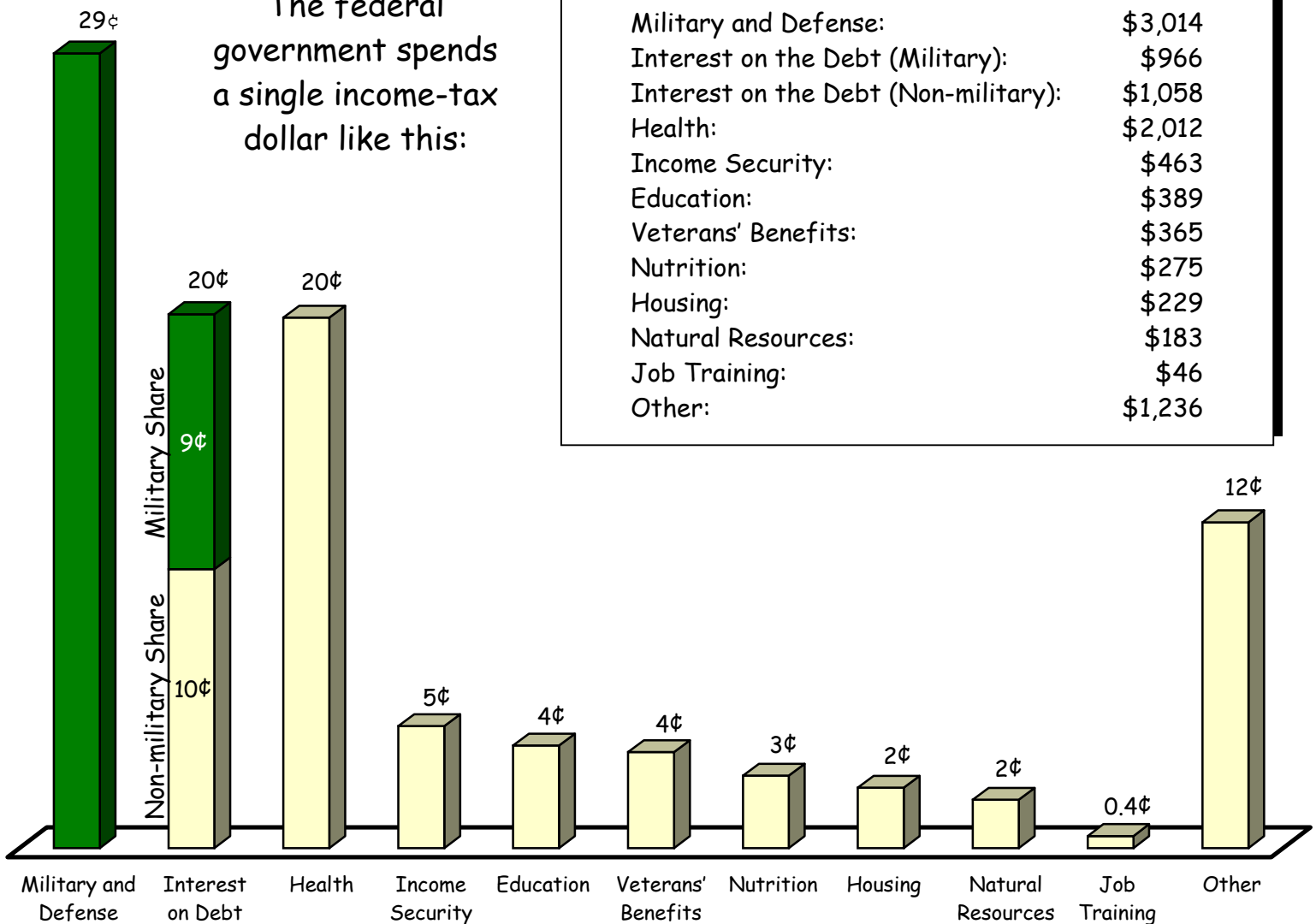
New Jersey

April 2004

The average household in New Jersey paid \$10,237 in federal income taxes in 2003. Here is how that amount was spent:

|                                      |         |
|--------------------------------------|---------|
| Military and Defense:                | \$3,014 |
| Interest on the Debt (Military):     | \$966   |
| Interest on the Debt (Non-military): | \$1,058 |
| Health:                              | \$2,012 |
| Income Security:                     | \$463   |
| Education:                           | \$389   |
| Veterans' Benefits:                  | \$365   |
| Nutrition:                           | \$275   |
| Housing:                             | \$229   |
| Natural Resources:                   | \$183   |
| Job Training:                        | \$46    |
| Other:                               | \$1,236 |

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



**Note:** 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). Military and defense includes the government definition of national defense, selected other military programs, and the Department of Homeland Security. The breakdown is based on fiscal year 2003 actual outlays as presented in the *Budget of the U.S. Government, FY2005*. Numbers may not add to totals due to rounding. The 'other' category includes the following: general science, space and technology; most of international affairs; energy; agriculture; commerce and housing credit; transportation; community and regional development; some labor and social services; justice, general government; and undistributed offsetting receipts.

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# Military spending, interest payments consume nearly half of your tax dollar

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**Military and Defense Spending** consumes 29¢ of your tax dollar. Much of the recent growth in military is due to the war in Iraq. So far, the federal government has allocated about \$125 billion over two fiscal years for the war in Iraq. The Administration did not include the cost of operations in Iraq or Afghanistan in the budget request for FY2005, but has said that it will request another \$50 billion later this year.



**Interest on the debt** takes 20¢ out of your tax dollar. Almost half of that amount (9.4¢) goes towards interest payments on past military expenditures. The federal budget has gone from record surpluses of \$236 billion in the year 2000 to record deficits today, primarily due to military spending increases and significant tax cuts. With a projected deficit this year of more than half a trillion dollars, you can expect interest payments on the debt to take an even larger part of your tax dollar in years to come.



**Education** receives less than 4¢ of your federal income tax dollar. Even though federal spending has increased in recent years, the No Child Left Behind Act has imposed significant mandates upon state and local governments, and many local school districts are struggling with meeting these mandates under current fiscal conditions.



**Veterans' Benefits** account for about 3.6¢ of your tax dollar and include health, education, retirement and other benefits for our veterans. Veterans organizations have put forth an alternative budget which indicates that billions more are needed just to keep up with rising health care costs and the special needs of disabled veterans.



Less than 2¢ was directed towards **Natural Resources and the Environment**. This category includes all spending on water resources, conservation and land management, recreational resources as well as pollution control and abatement.

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The National Priorities Project creates reliable estimates using data culled from various sources, primarily the federal government. Much of the raw data are available through NPP's interactive database at [www.nationalpriorities.org/database](http://www.nationalpriorities.org/database). Detailed explanations of methodologies and sources can be found at [www.nationalpriorities.org](http://www.nationalpriorities.org).