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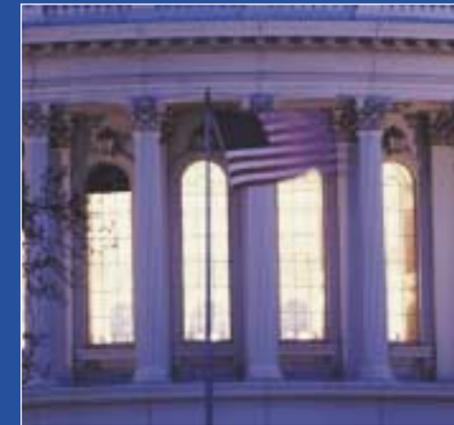
SEPTEMBER 11TH AND THE ECONOMIC SLOWDOWN
CHANGED THE FEDERAL BUDGET PICTURE. TAX
RECEIPTS DECLINED AND CONGRESS STEPPED UP
FUNDING FOR THE WAR AND HOMELAND SECURITY.

THE SURPLUSES ALLOWED US TO PAY DOWN
NEARLY A HALF TRILLION IN DEBT AND PROVIDE A
TAX CUT WHICH IS HELPING TO GENERATE ECONOMIC
GROWTH. WE ARE ALSO WORKING TO IMPROVE PUBLIC
SCHOOLS, PROTECT THE ENVIRONMENT AND ASSIST
THOSE WHO LOST JOBS.

A GROWING ECONOMY IS ONE OF THE BEST
WEAPONS AGAINST THOSE WHO OPPOSE FREEDOM
HERE AND AROUND THE GLOBE.
HOPE THIS REPORT IS USEFUL.

BEST WISHES -
David

Annual Report on the United States Government



House Rules Committee
David Dreier, Chairman



U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

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David Dreier

PRSRT STD M.C.



ANNUAL REPORT TO TAXPAYERS

Composition of Federal Spending – 2001



Uses of Surplus Tax Revenues

Between fiscal years 1998 and 2001, federal tax revenues provided a surplus of \$595.5 billion.

This dramatic change from nearly 28 years of deficits (fiscal years 1970-1997) to four consecutive years of surpluses resulted from steady economic growth that produced record tax revenues. At the same time, Congress held spending below the rate of growth in revenues during the 1998-2001 period.

Of the \$595.9 billion in surpluses, Congress used 94% to reduce the national debt. The result of our fiscal discipline has been a decrease in federal government debt by \$557.7 billion through fiscal year 2001. In June of 2001, President Bush signed into public law a tax relief bill that returned the remaining \$38.2 billion or 6% of the tax surplus to American taxpayers.

Application of Tax Surpluses 1998-2001

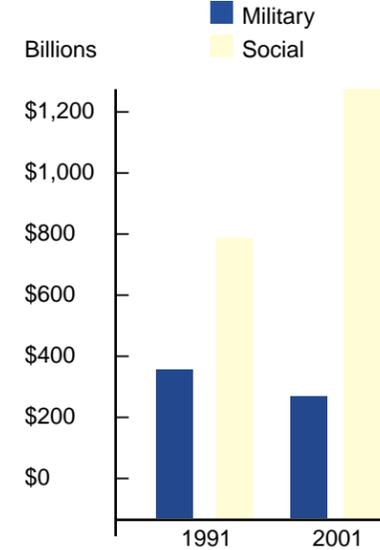
Retained by Government for Debt Reduction 94%

Returned to Taxpayers 6%



Military and Social Spending as a Share of the Budget

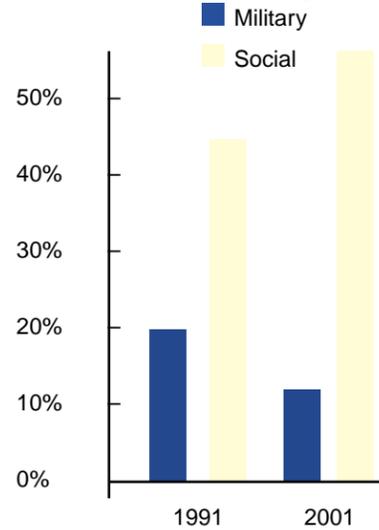
Actual Spending



With a new war on terrorism, it is more important than ever that we support our military. Since the end of the Gulf War in 1991, annual military spending has declined in actual dollars by \$61.8 billion. During the same period, military spending has declined as a share of the budget from 20% to 13%. By contrast, military spending constituted 50% of the federal budget during the administration of President Kennedy.

The decline in military spending has been accompanied by increases in social spending that have exceeded the growth of the U.S. economy. From 1991-2001, spending on social services increased from 45% of the budget to 57%.

Actual Spending



Statement of Revenues and Expenses of the Federal Government

Revenues

	Fiscal Year		% of Gross 2001
	2000	2001	
Individual income taxes	\$1,004,461,000,000	1,032,525,000,000	42%
Social insurance taxes	652,852,000,000	693,966,000,000	28%
User fees, earmarked taxes and receipts	395,050,000,000	414,830,000,000	17%
Corporation taxes	207,288,000,000	151,075,000,000	6%
Excise taxes and customs duties	88,779,000,000	85,848,000,000	4%
Miscellaneous receipts	42,669,000,000	36,576,000,000	2%
Death taxes	29,010,000,000	28,400,000,000	1%
Gross Revenues	\$2,420,109,000,000	\$2,443,220,000,000	
Less: Tax Rebates		(38,186,000,000)	
Net Revenues	\$ 2,420,109,000,000	\$2,405,034,000,000	

Expenses

			% of Gross 2001
Social spending	\$1,214,302,000,000	\$1,287,695,000,000	57%
Interest on national debt	362,118,000,000	359,508,000,000	16%
Military spending	279,049,000,000	287,998,000,000	13%
Administrative agencies	194,417,000,000	198,808,000,000	9%
Transportation	51,140,000,000	57,177,000,000	3%
State and foreign affairs	32,618,000,000	31,785,000,000	1%
Environment, fish, wildlife, parks and interior	28,432,000,000	30,307,000,000	1%
Emergency response to terrorism		2,328,000,000	*****
NASA	13,443,000,000	14,094,000,000	*****
Judiciary	4,134,000,000	4,455,000,000	*****
Congress	2,063,000,000	2,148,000,000	*****
The President	1,478,000,000	1,564,000,000	*****
Total Expenses	\$2,183,194,000,000	\$2,277,867,000,000	34%
Surplus	\$.236,915,000,000	\$127,167,000,000	*****

* indicates less than 1%

The War on Terrorism

The September 11th terrorist attacks required passage of \$40 billion in emergency funding to support victim relief and recovery assistance. The funding also expanded homeland security and improved counter-terrorism measures.

	Percentage of Emergency Funding	Dollar Amount of Increase
Defense Department Operations	43.9%	\$17.5 billion
Federal Emergency Management Administration	16.5%	\$6.6 billion
Other Federal Agencies and Programs	15.1%	\$6.0 billion
Health and Human Services	7.4%	\$2.9 billion
Housing and Urban Development	6.8%	\$2.7 billion
Justice Department/FBI	5.5%	\$2.2 billion
Department of Transportation	4.8%	\$1.9 billion