

**To understand the magnitude of the Federal budget,
let's scale down the Federal government to the size of
the average U.S. household.**

The Federal government collects about \$2.3 trillion in taxes per year (all tax revenues combined).



The average U.S. household earns about \$50,000 per year.



(that's like the width of your index finger compared to the distance between New York and Chicago)

**If the Federal government were the size of a household,
it would have an annual income of \$50,000.**



Income this year = \$50,000

But, if the Federal government were the size of a household, it would have spent \$79,000 last year, \$80,000 the year before, and be looking to spend \$86,000 this year.



Income this year = \$50,000
Spending this year = \$86,000

To spend so much money, the household-sized government will spend all of its income and then put another \$36,000 on its credit card.



Income this year = \$50,000
Spending this year = \$86,000
Charge this year = \$36,000

The government has been spending more than it earns for a very long time. In total, our household-sized government has accumulated a credit card balance of \$320,000.



Income this year = \$50,000
Spending this year = \$86,000

Charge this year = \$36,000
Credit card balance = \$320,000

To help balance the budget, the President offered to cut \$6.5 billion in spending. For our household-sized government, that's like cutting spending by \$150.



Income this year = \$50,000
Spending this year = \$86,000

Charge this year = \$36,000
Credit card balance = \$320,000

OMG! Cut back on spending = \$150

Some politicians have called on the President to cut the budget by \$65 billion. Others have called such a huge cut “irresponsible”. For our household-sized government, that would be like cutting spending by \$1,500.



**Income this year = \$50,000
Spending this year = \$86,000**

**Charge this year = \$36,000
Credit card balance = \$320,000**

~~**OMG! Cut back on spending = \$150**~~
OMG! Cut back on spending = \$1,500

No way! Irresponsible!

The government pays 3% interest on its credit card. With a \$320,000 balance, our household-sized government pays \$9,600 a year just in interest.



Income this year = \$50,000
Spending this year = \$86,000

Charge this year = \$36,000
Credit card balance = \$320,000

Annual interest charge = \$9,600