**III. Financing Government**

1. Raising Money

* **Taxes –**
* Federal government takes in around 3 trillion dollars every year
* Around $7,000 per person

1. Types of Taxes

* “Nothing is certain, but death and taxes” – **Ben Franklin**
* **April 15 –**
* **Income Tax –**
* Biggest single source of income for the federal government
* **Excise Tax – (Sin Tax) –**
* Many states fund needed programs with these extra tax moneys
* Usually one of the first taxes to increase
* **Progressive Tax System –**
* System used by the federal government
* **Flat Tax System –**
* People who make over $50,000 dollars pay over 87% of the taxes in the United States
* People work on average for three months every year to pay their taxes

1. Social Security

* **Social Security Tax –**
* Intended to provide a “safety net” when one retire
* Can only tax $117,000 of a person’s yearly income

1. Borrowing Money

* Federal government spends around four trillion dollars every year (doubled since 2000)
* Taxes alone are not enough to run our government
* Government borrows billions of more dollars each year
* Borrow money at high interest rates
* **National Debt –**
* **Current National Debt –**

1. Domestic Aid vs. Foreign Aid

* Around 77% of our national budget is spent on domestic aid and our military