

## How are Taxes Used?

The government receives a variety of taxes from individuals. The taxes are used to pay for items the government provides at the federal, state, and local level. These items are usually considered public goods that benefit most individuals. The top categories for expenditures, meaning how tax money is used, at both the federal and state levels are:



- **Education** – to pay for public schools from kindergarten through 12<sup>th</sup> grade, state colleges and universities, and other educational expenses.
- **Administration** – people who oversee finances, public buildings, insurance, and other expenses.
- **Health & Welfare** – expenses for healthcare, hospitals, housing and community development, public welfare, and veterans’ services.
- **Parks & Recreation** – expenses involving natural resources, parks, and recreation.
- **Public Safety** – police and fire protection, judicial and legal, protective inspections and regulations, and jails.
- **Transportation** – highways, mass transit, parking facilities, air, sea, and inland port facilities.
- **Utilities** – Services such as electric power, gas supply, sewerage, garbage, and water.
- **Other** – items that are needed but don’t fit into other categories.

The graphic below is a comparison between how much money the United States and Illinois spends in each of the categories. The federal government collects more in taxes than individual states, so it has a much bigger budget. However, the chart reflects the percent spent in each category.

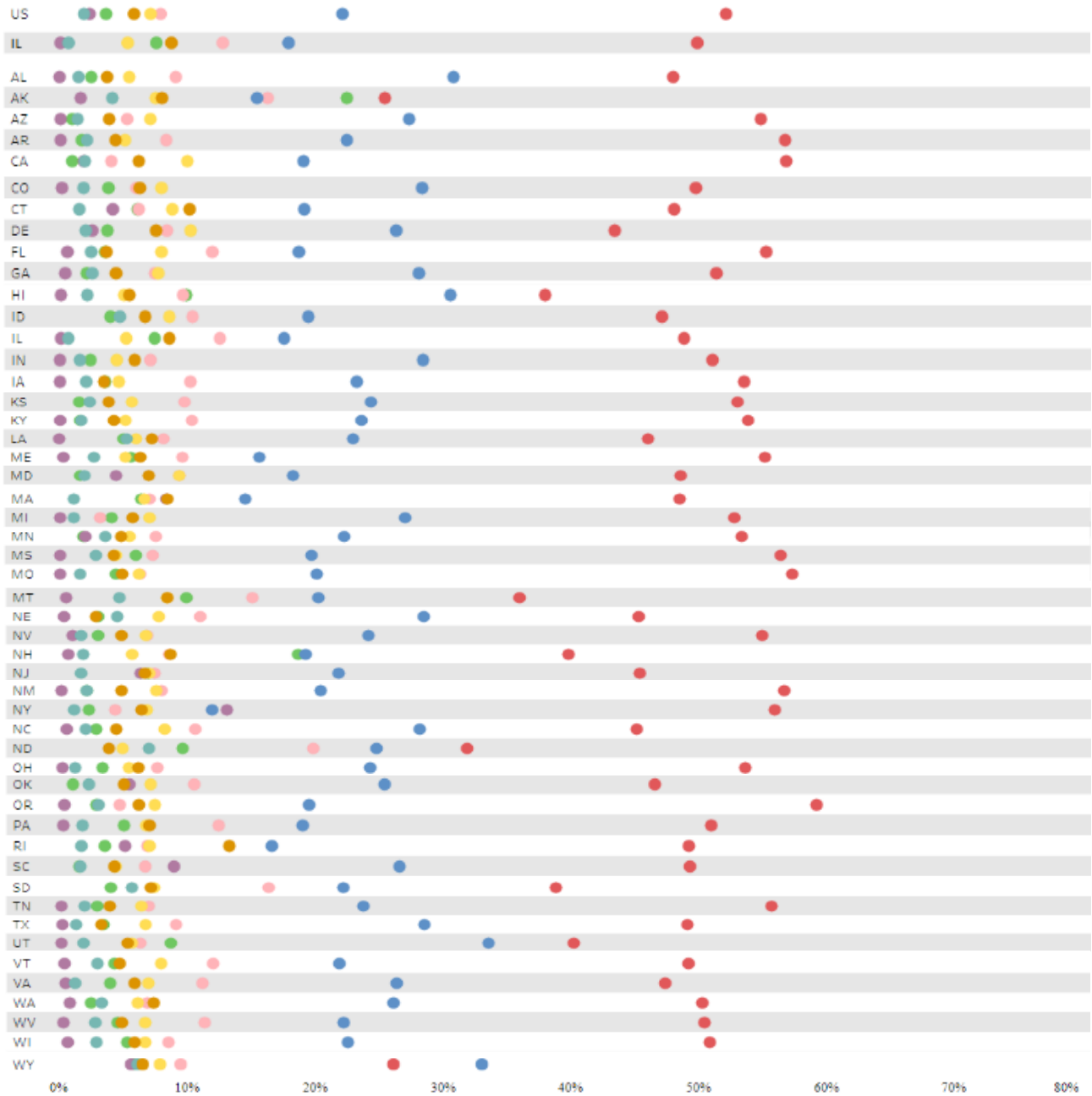


“Who Has to File a Federal Income Tax Return?” *IRS.com*, 18 Jan. 2019, [www.irs.com/articles/who-has-file-federal-income-tax-return](http://www.irs.com/articles/who-has-file-federal-income-tax-return).

US Census Bureau. “State & Local Government Snapshot.” *State & Local Government Snapshot*, 11 Oct. 2018, [www.census.gov/library/visualizations/interactive/state-local-snapshot.html](http://www.census.gov/library/visualizations/interactive/state-local-snapshot.html).

Each state has various needs. Some states may spend more on Education or Public Safety and other states spend more money on Parks & Recreation. In the following chart you will notice some fluctuations. The spending is based per capita, which means per person.

**Percentage of Expenditures by State**



Analyze the states' expenditures to determine any similarities and/or differences.

"Who Has to File a Federal Income Tax Return?" *IRS.com*, 18 Jan. 2019, [www.irs.com/articles/who-has-file-federal-income-tax-return](http://www.irs.com/articles/who-has-file-federal-income-tax-return).

US Census Bureau. "State & Local Government Snapshot." *State & Local Government Snapshot*, 11 Oct. 2018, [www.census.gov/library/visualizations/interactive/state-local-snapshot.html](http://www.census.gov/library/visualizations/interactive/state-local-snapshot.html).