



**AMERICANS FOR TAX REFORM**

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# 2007 Cost of Government Day

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## 2007 Cost of Government Day Summary

*Cost of Government Day is the date of the calendar year on which the average American worker has earned enough gross income to pay off his or her share of spending and regulatory burdens imposed by all levels of government, federal, state and local.*

### Cost of Government Day 2007

Cost of Government Day for 2007 is **July 11th**, two days later than last year's revised date of July 9th. With July 11th as the COGD, working people must toil on average 192 days out of the year just to meet all the costs imposed by government. In other words, the cost of government consumes 52.6 percent of national income.

### Cost of Government: Trends

- Cost of Government Day falls two days later in 2007 than last year's revised date of July 9th. In 2007, the average American will need to work an additional 11 days out of the year to pay off his or her cost of government compared to 2000.
- Slower economic growth, a recession, the war, Hurricane Katrina, increased spending and corporate scandals were responsible for the dramatic increase from June 29th in 2000 to as high as July 12th in 2005.
- The increase in the index is tempered by slowing national income growth despite significant spending growth.

### Cost of Government: Components

#### Federal Spending

- Despite slowing economic growth, accelerating federal spending is driving the two day increase in the Cost of Government Day over 2006.
- The average American worker will have to work an additional 6 days out of the year over 2000 to pay for government spending on all levels.
- Federal spending continues to be the main driver of the Cost of Government index, adding 6 days on to the days Americans were forced to work for federal government spending in 2000.
- Federal spending as a percentage of national income in 2007 is expected to significantly rise over the COGD index estimate in the last half of the year as Congress passes appropriations bills. Iraq war spending, expansion of the State Children's Health Program and other entitlement spending will drive the spending increases.

## **State/Local Spending**

- State and local spending as a percentage of national income is increasing this year as well.
- In 2007, the average American will work 45.7 days to pay for state and local spending.
- The average worker will have to work another 1.6 days out of the year compared to 2000 just to pay for state and local spending.
- Substantial surpluses, particularly in natural resource-rich states, are fueling a significant increase in the cost of state and local governments, up over one full day from 2006 alone.

## **Regulations**

- The cost of regulations as a percentage of national income remains at 16.9 percent for the fourth year. It is important to note, however, that revised data on regulatory costs reveal that COGD reports prior to 2006 were underestimating the cost of regulations.
- New regulations imposed following the War on Terrorism and corporate scandals significantly increased the regulatory burden in 2001 and 2002 in particular.
- In 2007, the average American will work 61.8 days to pay for regulatory costs, nearly 1 full day more than was required in 2006.