



# We the Taxpayers

Resource

## Lesson 4 – What Taxes Can Do Video Script

So now that we've looked at what we pay, and what we don't pay in taxes, you may be thinking—what is this whole, cumbersome tax system, which can be complicated and quite contentious, actually for? What benefits are we getting from this system?

While some benefits of taxes may be more obvious to us than others, there are lots of things that rely on tax funding in order to exist. Many of these are things that we all get to benefit from together. Our public schools are open to everyone, our fire and police departments are there to ensure the safety of society as a whole, and we can all drive on our roads or ride on our public transportation system. There are also things that may be a little harder to notice that also rely on support from our taxes—such as clean air and water, food that is safe to eat, and research that will lead to new, life-saving technologies.

These public goods are also crucial for successful businesses and a healthy economy, as employers need educated workers to staff their businesses; they need to be sure that their property and goods will remain safe; and they need roads and other infrastructure to conduct their business.

Other tax dollars go to programs that directly benefit certain groups of people. Many of these programs go to provide services or care for the marginalized that many different faith traditions call us to care for—those who are poor, sick, hungry, or otherwise vulnerable. You've probably heard a lot of about some of these programs—like Social Security, Medicare & Medicaid, and food stamps, also known as SNAP. There are many other examples, but let's just look at these for now.

Social Security was established in 1935 as a way of providing economic security for people as they grew older and entered into retirement. We know that it's just not physically possible for the vast majority of people to continue working as they grow older, so Social Security, which people pay into throughout their working lives, provides a continued income for people after they stop working. Benefits are also available for some people who are no longer able to work due to certain disabilities. Without this income, many people who are elderly or who have disabilities would be living in poverty and wouldn't be able to afford even some of the most basic necessities. One in three Americans over the age of 65 would fall below the poverty line if it weren't for their Social Security benefits. <http://www.facethefactsusa.org/facts/all-that-stands-between-many-seniors-and-poverty/>

While those receiving Social Security may be the most direct beneficiaries of this program, we all indirectly benefit, because without this support, many families would have to bear the economic burden of caring for their family members who are older or who have disabilities. By providing at least a basic level of economic security to beneficiaries and helping them meet their basic needs, it also allows them to contribute to society in other ways, even though they are no longer working. Providing this basic level of security for our seniors answers the call of many faith traditions to care for the vulnerable and provide for the common good.



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We also answer this call to provide for the common good through Medicare and Medicaid--two health programs that are also supported with tax dollars. Prior to Medicare being enacted in the 1960s, many seniors and persons with disabilities fell into poverty, despite any Social Security benefits, because of the high cost of healthcare. Medicare helps make accessing healthcare more affordable, and has helped to substantially reduce the poverty rate among seniors. Before Medicare, around 35% of seniors fell below the poverty line, while only about 9% do now. Medicaid provides health coverage for those with disabilities, as well as many people living in or near poverty, especially children and pregnant women.

Just like with Social Security, all of society benefits from programs like Medicare and Medicaid. Using these dollars to give people access to healthcare helps create jobs not only for healthcare providers, but also for anyone else who helps manage or supply a hospital or doctor's office. Similarly, dollars from SNAP, also known as food stamps, will circulate through local economies--providing revenue for grocery stores, local markets, and even farmers. Providing Medicaid and food stamps is also a way that we invest in our future. We all know that education is key for children to develop, learn, and grow up to be contributing citizens, but in order to do well in school, kids have to first be healthy and well-nourished.

But there's another way to think about these programs--often, they function like a business subsidy. Let's look at how SNAP does this: A majority of the people receiving food stamps are working, or are in a family with someone who is working. However, many of these hard-working people aren't making nearly enough to cover all of the basic needs of a family. For example, if Billy is working hard to provide for his family, but is only making minimum wage, he would have to choose between keeping a roof over his family's head or putting food on the table. Food stamps allows him to do both. And Billy's employer also benefits from this--without SNAP benefits, Billy's employer wouldn't be able to continue pay those same low wages and still have employees coming to work who are well-nourished enough to be productive. We can think of Medicaid in this way too--healthier workers are more productive workers.

Social Security, Medicaid and Medicare, and SNAP, are just a few examples of the specific programs that are funded by our tax dollars. Others include assistance to pay for college, funding for Head Start to provide early childhood education, and job training programs that make sure our workforce has the skills employers are looking for.

It really is up to us to decide what we want to do with our taxes and the way we spend our tax dollars reflects the priorities we have as a nation. How best can we provide for the common good, as our faith calls us to do?