

Warmup



How should the federal budget reflect Americans' priorities?

- A.** Suppose you lived on your own without the financial support of your parent(s) or guardian(s). You would have to find employment and then budget the money you earned. Consider the categories below. Cross off any that do not apply and add any that are not shown. Then use the blanks to the right to assign a percentage to each category. For example, would you spend 20 percent of your salary on food? What about clothing? (*Remember:* Your total percentage cannot exceed 100 percent.)

Food _____

Clothing _____

Heat _____

Electricity _____

Telephone _____

Cable/satellite TV _____

Vehicle payment/car
insurance/gas _____

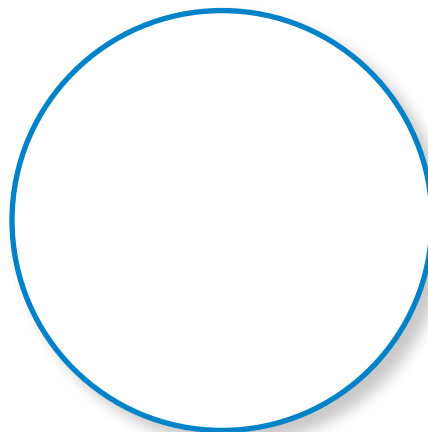
Internet service _____

Cell phone _____

Recreation _____

Other:

My Budget



- B.** Use your percentages to complete the circle graph above showing the percentage of your total earnings spent in each category.

- 1.** Describe how these percentages reflect your personal priorities.

- 2.** Look at your circle graph. Of those categories with smaller percentages, which would you give up so that you could afford your highest priorities? Explain.

Exploration

I. The Federal Government's Income

➔ Find Out

A. The Constitution is very clear about the limitations on the taxing power. Using your print or online textbook or other sources, complete the web to outline those limitations.



Why do you think the Framers included these limitations on the power to tax? Do you think they are necessary?

B. Read Article I, Section 8, Clause 1 of the Constitution. List the three reasons why Congress is given the taxing power. Then, using the number of each reason, categorize each of the outlays listed on the next page under each reason.

1. _____
2. _____
3. _____

- _____ a. Purchasing of missiles
- _____ b. Space exploration
- _____ c. Coining money
- _____ d. Providing social service programs
- _____ e. Military officers' salaries
- _____ f. Federal judges' salaries
- _____ ¹ g. Paying interest on the public debt

 **What Do You Think?**

C. Which category above seems to cover the largest share of federal spending? Why do you think this is the case?

 **Find Out**

D. Review the Federal Government's tax and nontax revenue sources in your print or online textbook. Then, complete the table below with the source, its definition, and the person or entity who pays it.

Revenue Source	Definition	Payer
Income tax	A tax levied on each person's total income of the previous year	all Americans who receive income

 **What Do You Think?**

E. According to the chart on the previous page, who provides most of the Federal Government's funding? Taking this into consideration, how much input should this source have on how and on what the government spends its revenue? Explain.

II. Spending and the Budget

 **Find Out**

A. Federal Government spending can be described as either *controllable* or *uncontrollable*. Review these terms in your print or online textbook. Then determine whether each example in the chart below is a controllable or an uncontrollable expense, and indicate whether you think the American public would consider these examples a low, medium, or high priority.

Example	Controllable or Uncontrollable	Priority Level
Pollution Control		
Food Stamps		
Space Exploration		
Social Security		
Agricultural Research		
Military Development		
Veterans' Benefits		
Interest on the Public Debt		
Energy Conservation		
Homeland Security		

B. Circle the expense that you consider to be the highest American priority. Is this your highest priority? If yes, explain why you place this category at such a level. If not, what is your highest priority? (*Note: Your highest priority does not need to come from the list above.*)

C. Review how the Federal Government creates its annual budget in your print or online textbook or other sources. Then complete the chart below with the responsibilities of the President, the OMB, and Congress.

President	Office of Management and Budget (OMB)	Congress
	<ul style="list-style-type: none">• <i>Reviews each federal agency's proposed spending plan</i>	

 **What Do You Think?**

D. Does the American public have any influence on the federal budget? Choose one of the steps in the budget creation process above and describe how it includes the public's involvement.

III. Borrowing and the Public Debt

 **Find Out**

A. Review the reasons for the Federal Government's need to borrow money in your print or online textbook or other sources and list them below.

1. _____
2. _____

B. Review the process of federal borrowing. Then answer the questions that follow.

1. Who must authorize government borrowing? _____
2. What department is responsible for government borrowing? _____
3. How does the government acquire borrowed funds? _____
4. What occurs when the government borrows money? _____

 **What Do You Think?**

C. Many Americans are concerned with the increasing public debt. Do you think their concerns are valid?

What three ways would you suggest to address the problem?

1. _____
2. _____
3. _____

IV. Fiscal and Monetary Policy

 **Find Out**

A. Review the fiscal policy options available to the Federal Government in your print or online textbook or other sources. Describe each below and then indicate what is expected to occur when each option is increased or decreased.

1. _____
Increase _____
Decrease _____
2. _____
Increase _____
Decrease _____

 **What Do You Think?**

B. The use of monetary and fiscal policy allows the Federal Government to influence the nation's economy. Some Americans criticize the government's involvement in the economy, while others think it is necessary.

1. Cite one advantage and one disadvantage of the government's ability to influence the economy.

Advantage _____
Disadvantage _____

2. Do you think the government should be responsible for the stability of the nation's economy? Explain.

Apply What You've Learned Activity

What issues do most Americans think should be the government's priorities? Use this worksheet to help with the Apply What You've Learned activity in your print or online textbook. Take a poll of 10 to 15 individuals in your community, and use the table below to summarize the results of your poll.

Priorities	Poll Results
What issues are priorities to Americans today?	
Which one do you think is of the utmost importance to most Americans?	
Which one is the most important to you?	
Actions	Poll Results
Within the last six months, has the Federal Government taken any action to address that issue? If so, what?	
Which, if any, federal programs or services do you think could be cut back or abolished to help deal with the issue?	
If none, would you be willing to pay additional taxes to cover the cost of a new program?	
If not, how should the government pay for it?	
Evaluations	Poll Results
Do you think the Federal Government is responsive to the priorities of Americans? Why or why not?	

A. Do you agree with those you polled on their choice of the highest priority? Explain.

B. Which responses provided new insight on American priorities that affected your opinion on government spending? Explain.

Essay



How should the federal budget reflect Americans' priorities?

For the Federal Government to provide the services necessary for the well-being of the nation, it requires a large amount of revenue. At times, the government must borrow heavily to provide these services. As you read the quotations about financing government below, consider the expectations of the American public and their concerns about the national debt.

The constitutional purpose of a budget is to make government responsive to public opinion and responsible for its acts.

— William Howard Taft

A national debt, if it is not excessive, will be to us a national blessing.

— Alexander Hamilton, Letter to Robert Morris, April 30, 1781

If the Nation is living within its income, its credit is good. If, in some crises, it lives beyond its income for a year or two, it can usually borrow temporarily at reasonable rates. But if . . . it throws discretion to the winds . . . [and] it extends its taxing to the limit of the people's power to pay and continues to pile up deficits, then it is on the road to bankruptcy.

— Franklin Delano Roosevelt, presidential campaign speech, 1932



What Do You Think?

What is your opinion? Write a response to the Essential Question, **How should the federal budget reflect Americans' priorities?** Consider your thoughts on the quotations above, the Guiding Questions in your textbook, and the activities you have done in your Journal. See page 219 for a rubric on writing an Essential Question essay.



Don't Forget

Your answer to this question will help you think about the Unit 4 Essential Question: **What makes a good President?**