**U.S. Government Spending**

Name and date submitted (3 pts):

Create space and enter your answers in the Word document below, and then submit as an email attachment. (15 questions, 100 possible points).

Resources

1. Go to [www.usgovernmentspending.com](http://www.usgovernmentspending.com).
2. Watch the U.S. Government Spending homework video posted on your class page.

Part 1: The U.S. Federal Budget (this is the “SPENDING” side of the coin)

1. List the 10 major categories of spending for the U.S. Government, arranging them in order from largest to smallest. Next to each category, state the amount of spending for the current year in $Billions.
2. Total spending
	1. How much in total will be spent (in the current year) by the U.S. Gov’t?
	2. There are 340 million people in the U.S. How much will be spent “per person”?
	3. How much of that money will have to be borrowed this year by the U.S. Gov’t? (this is called “the Federal deficit”)
3. Pensions (this includes Social Security and Federal Employee Retirement benefits)
	1. What is Social Security? (Write a 1-paragraph summary of how & when Social Security came about, who created it, and what it was created to do. You may include any historical facts/details you think are interesting.)
	2. As you look ahead 5 years, is this item expected to grow or shrink? (comment on it – do you think it’s a lot, or a little?)
	3. Analysis question (write 1-2 paragraphs): Where does this money go? What “societal group” is benefitted, here? How easy would it be for elected leaders (Representatives, Senators, and the President) to slow down or shrink this spending item to reduce the National Debt? What problems might result to the politicians? What problems might result to the beneficiaries?
4. Health Care (this includes Medicare and Medicaid)
	1. What is Medicare? (Explain a little about the history, and why we have it)
	2. What is Medicaid? (same as above)
	3. As you look ahead 5 years, is this item expected to grow or shrink? (comment on it – do you think it’s a lot, or a little?)
	4. Analysis question (write 1-2 paragraphs): Where does this money go? What “societal group” is benefitted, here? How easy would it be for elected leaders (Representatives, Senators, and the President) to slow down or shrink this spending item to reduce the National Debt? What problems might result to the politicians? What problems might result to the beneficiaries?
5. Education (this includes the Department of Education)
	1. What is the Department of Education?
	2. I thought States and Counties paid for Education! Why is the U.S. Gov’t paying for Education? (do Internet research and briefly explain how the U.S. Dept. of Education fits in the picture)
	3. As you look ahead 5 years, is this item expected to grow or shrink?
	4. Analysis question (write 1-2 paragraphs): Where does this money go? What “special interest group” is benefitted, here? How easy would it be for elected leaders (Representatives, Senators, and the President) to slow down or shrink this spending item to reduce the National Debt? What problems might result to the politicians? What problems might result to the beneficiaries?
6. Defense (this includes the Department of Defense, Veterans benefits, and foreign aid)
	1. What is the Department of Defense? What is its purpose? (see if you can find a concise definition… try looking on their website <https://www.defense.gov/> )
	2. As you look ahead 5 years, is this item expected to grow or shrink? (comment on it – do you think it’s a lot, or a little?)
	3. Analysis question (write 1-2 paragraphs): Where does this money go? What “special interest group” is benefitted, here? How easy would it be for elected leaders (Representatives, Senators, and the President) to slow down or shrink this spending item to reduce the National Debt? What problems might result to the politicians? What problems might result to the beneficiaries?
7. Welfare (this includes the ‘Earned Income Tax Credit’ paid to the low-income, low-income housing, and unemployment)
	1. What is the Earned Income Tax Credit? You can try looking here <https://www.taxpolicycenter.org/briefing-book/what-earned-income-tax-credit-eitc> or here <https://en.wikipedia.org/wiki/Earned_income_tax_credit>
	2. As you look ahead 5 years, is this item expected to grow or shrink?
	3. Analysis question (write 1-2 paragraphs): Where does this money go? What “special interest group” is benefitted, here? How easy would it be for elected leaders (Representatives, Senators, and the President) to slow down or shrink this spending item to reduce the National Debt? What problems might result to the politicians? What problems might result to the beneficiaries?
8. Interest (this is interest payments made on the National Debt, which is about $22 Trillion currently).
	1. The U.S. Gov’t owes about $22 Trillion mainly to banks, foreign governments, and retirement funds. This is money that your parents and grandparents borrowed from “your generation”, and it will be up to your generation to “deal with the problem” or ignore it. If your generation ignores it, you will probably not live in a free country with your own freely-elected government. National debts of this magnitude often lead to wars with other countries.
	2. How much will the U.S. Gov’t spend on Interest Payments in the current year?
	3. As you look ahead 5 years, is this item expected to grow or shrink? (comment on it – do you think it’s a lot, or a little?)
	4. Analysis question (write 1-2 paragraphs): How easy would it be for elected leaders (Representatives, Senators, and the President) to slow down or shrink this spending item? What problems might result to the politicians? What problems might result to the beneficiaries?

Part 2: The U.S. Federal Revenue (this is the “TAXING” side of the coin)

1. List the 5 major sources of revenue for the U.S. Government, arranging them in order from largest to smallest. Next to each category, state the amount in $Billions it will raise for the current year.
2. Income taxes (Individuals and Business Firms must pay these taxes each year)
	1. How much revenue in $Billions will be raised from Individual Income Taxes?
	2. How much revenue in $Billions will be raised from Corporate Income Taxes?
	3. There are 340 million people in the U.S. How much does this represent for a family of ‘5’?
	4. Do you think this is fair? Why or why not? Don’t just say “yes”… this is money that “your parents” pay to Washington D.C, which is a big city, far, far away, full of people that don’t know you and probably don’t care about you. Why should you – and your family’s business – have to pay them that much money? (in other words, I’m looking for some analysis on your part!)
3. Social Insurance taxes (These are Payroll Taxes that are deducted from your parents’ paycheck, mainly for Social Security and Medicare, and Disability)
	1. How much revenue in $Billions will be raised from Social Insurance Taxes?
4. Ad Valorem Taxes
	1. How much revenue in $Billions will be raised from Ad Valorem Taxes?
	2. Research and explain what is meant by an “Ad Valorem Tax”. Elaborate and give some examples.
	3. Research and explain what is meant by an “Excise Tax”. Explain, and then give at least 2 examples of Federal excise taxes.
5. Business and Other Revenue
	1. How much revenue in $Billions will be raised from this category?
6. Government Borrowings (Federal Deficit)
	1. How much in $Billions will the U.S. Gov’t need to borrow this year?
	2. Is borrowing lots of money each year a good way to finance the Government? Why or why not? Explain your answer. Why not just ‘borrow’ all the money, since people are willing to lend it?! Comment….
7. Total Federal Gov’t Indebtedness
	1. How much in $Trillions will the U.S. Government owe by the end of this year? This is called the “Gross Public Debt”. Be sure you are looking under the “Fed” column only – do not include the State and Local debt for this question.
	2. There are 340 million people in the U.S. How much in $Thousands does a family of ‘5’ owe? Hint: it’s a pretty big number.
	3. Watch this short video <https://www.youtube.com/watch?v=XqUwr-Nkq9g>

How do you feel about the numbers above? Is it fair that each household in the U.S. should, in effect, be saddled with that much debt from the Federal Government? Take a few sentences and elaborate. First, do Internet research on the subject of “National Debt”.