

## Chapter 25

### Section 1

#### **Preparing the budget**

- 1) What's a fiscal year? When does it start?
- 2) What's the difference between mandatory and discretionary spending?
  - a) What's an example of mandatory spending from the text?
  - b) What's an example of discretionary spending from the text?
- 3) How does an appropriations bill differ from a bill that makes an activity a crime?

#### **Federal Revenues**

- 4) What's a tax return? How is that related to income tax?
- 5) How are payroll taxes collected? Where are some examples of services where these taxes go?
- 6) What are excise taxes?
- 7) What are two other ways we are taxed by the federal government?

#### **Forms of taxes (Forms of taxes section is honors only)**

*What impact does each of the following have on taxpayers? Who is hit hardest?*

- 8) Proportional
- 9) Progressive
- 10) Regressive

#### **Federal expenditures**

\*review Fiscal Ship notes - they are linked in the slides now\*

### Section 2

- 11) Make a two-column by two-row chart in your notes for **state government and local government (columns)** and **revenue and expenditures (rows)**. If you realized later that you flipped these, no worries! :)
  - Be sure to include the following terms for **revenue**: *intergovernmental revenue, income tax, sales tax, property tax, utilities.*
  - Be sure to include the following terms for **expenditures**: (These do not appear in order.) *public welfare, parks, water/sewage/trash, libraries, higher education, roads, fire/police, education, corrections, retirement pensions, hospitals & health.*

Column->Row	State government	Local government
Revenues		
Expenditures		

### Section 3

- 12) Review notes from Fiscal Ship on budget, surplus, deficit, and debt. Add to your notes the term **balanced budget**. What makes the budget balanced?
- 13) What makes **fiscal policy** challenging in practice?
- 14) What is the purpose **automatic stabilizers**? Provide and explain two examples?