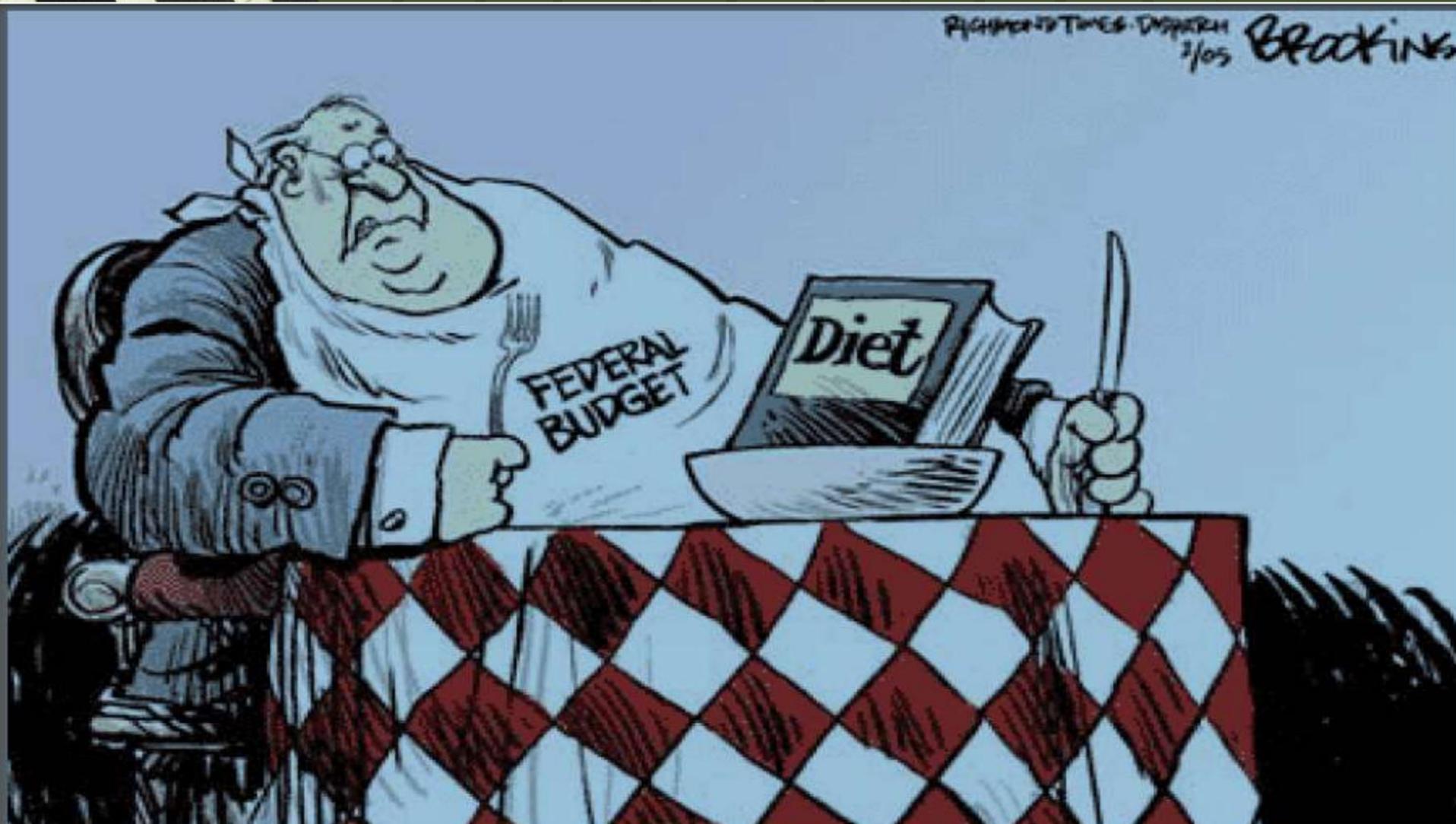


# FOLLOW THE MONEY: THE FEDERAL BUDGET





***ASTUTE QUESTION:***

***DOES THE FEDERAL  
GOVERNMENT  
BUDGET AND SPEND  
OUR TAX DOLLARS  
WISELY?***



# ***Learning Targets:***

***Examine the purposes and role of government.***

***Examine the U.S. budget system.***

***Determine how scarcity influences gov't decision-making***

***Analyze the responsibilities and budgets of selected departments in the federal bureaucracy.***

***Draw evidence from informational texts to support an argument.***



*People show what they really value by how they spend their*

- *Time*
- *Talents*
- *Lives*
- *Money*





***Countries show what they really value by how they spend their***

- ***tax revenues***
- ***through the budget process carried out by***
- ***Congress***
- ***Executive Branch***
  - ***POTUS***
  - ***Bureaucracy***

*How do power & resources get allocated?*

*It starts with  
Self-interest*

*WIIFM—What's in it for me?*

*Scarcity*

*Unlimited wants vs.  
limited resources*

*“Waaaaaaaaa!”*





*Scarcity creates*  
**COMPETING  
INTERESTS**



- *Interest groups*
- *Political parties*
- *Baby boomers v. Millennials*



# *This forces government to make CHOICES AND COMPROMISES*

- *How much of my property (\$\$\$) am I willing to exchange for gov't programs that keep me safe from terrorists, other drivers, food poisoning, theft, pollution, etc.?*
- *Who should gov't help?*

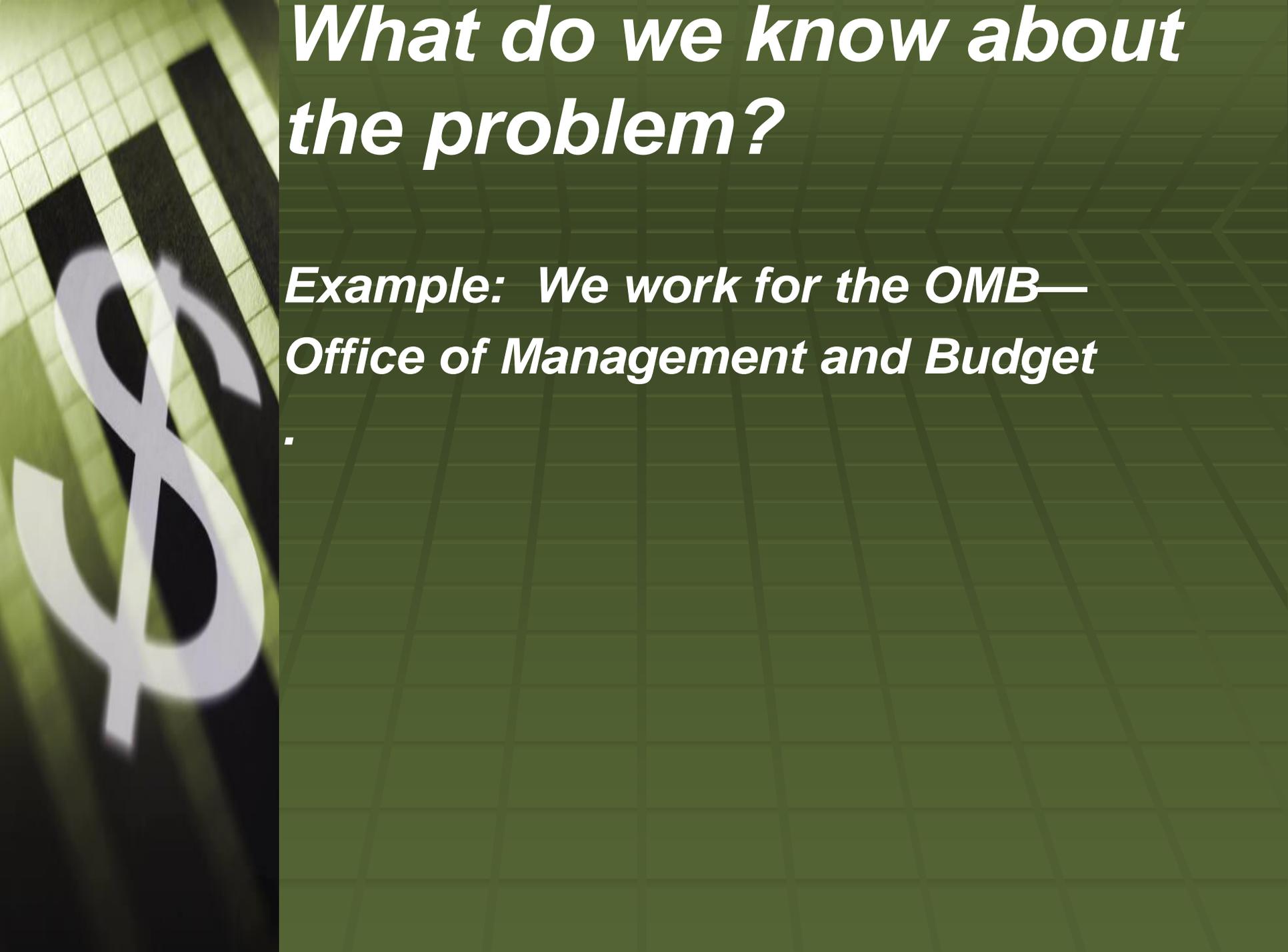


# *Entry Document*

## *“OMB Memo”*

*Question Column: What do we know about the problem?*

*As we read the memo, make a list of facts about the problem in the NOTES section.*



# *What do we know about the problem?*

*Example: We work for the OMB—  
Office of Management and Budget*

.



***Question Column:***

***What is our problem statement?***



***How can we re-word the Preamble to the U.S. Constitution into a Problem Statement?***

We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.



*How can we as (Role) the People of the United States*

*(Task) write a Constitution*

*So that we can (Results)*

- *Form a more perfect Union*
- *Establish Justice*
- *Insurance domestic Tranquility*
- *Provide for the common defense*
- *Promote the general Welfare,*
- *And secure the Blessings of Liberty to ourselves and our Posterity*
- *And how do we pay for all this?*



***Write a Problem  
Statement:***

***How can we as (Role) as the  
OMB  
(Task)***

***So that (Desired Results)***



***Question Column:***

***“What else do we need to know in order to solve the problem?”***

***In the Notes Section, brainstorm a list of questions.***

***What do we need to  
know/learn?***



# POWER OF THE PURSE

**Constitution**

gives  
Congress

**power  
to tax  
and  
spend**

DIDN'T ANYONE  
THINK TO MEASURE  
FIRST TO SEE IF  
IT WOULD FIT  
THROUGH THE  
DOOR?!



WAIT 'TIL  
HE TRIES  
PASSING IT  
THROUGH  
CONGRESS...





<https://www.youtube.com/watch?v=OGVJfcSckUs>

# Revenues

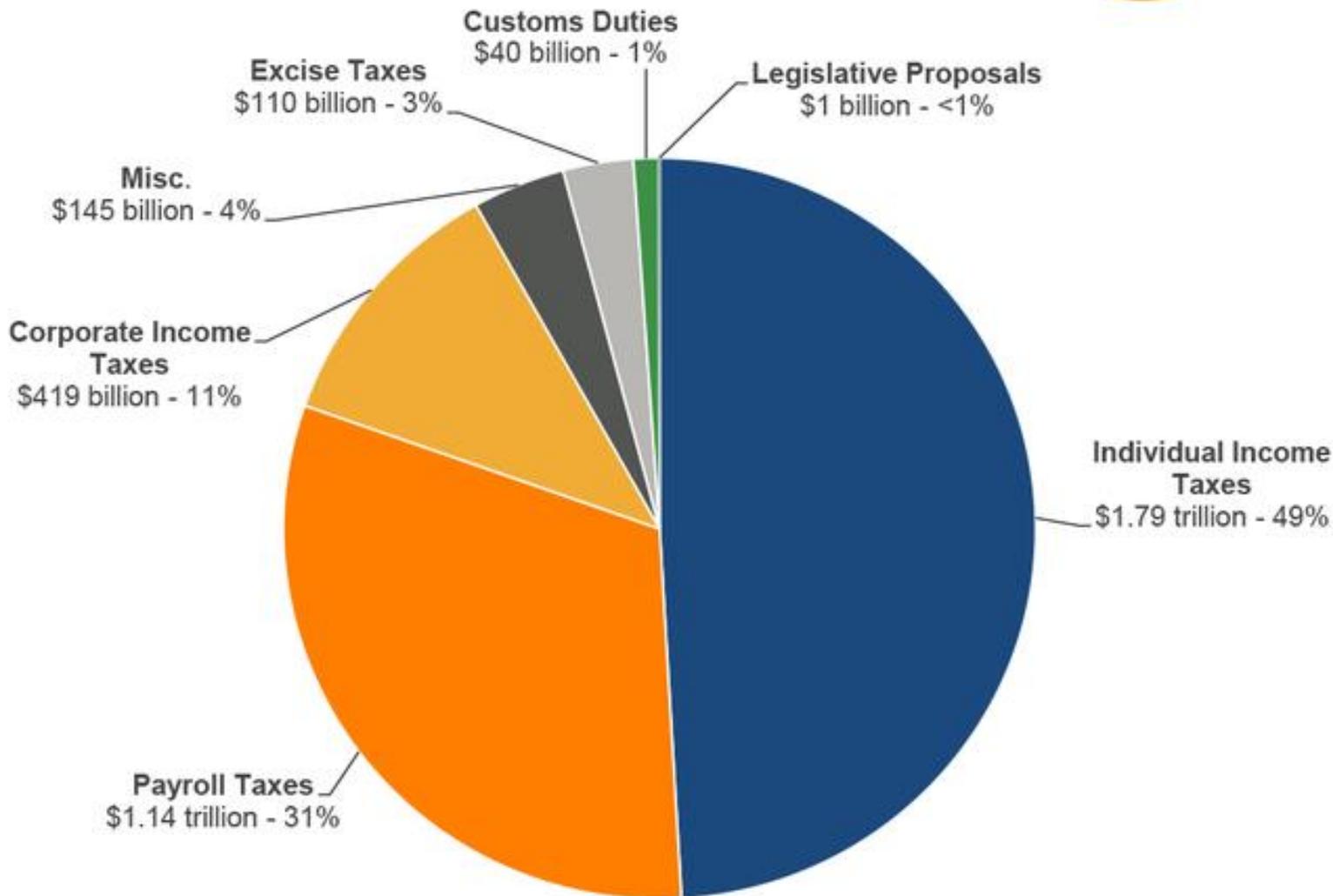
**Gov't  
income**

**From  
taxes**

**Paid by  
citizens  
corporations**

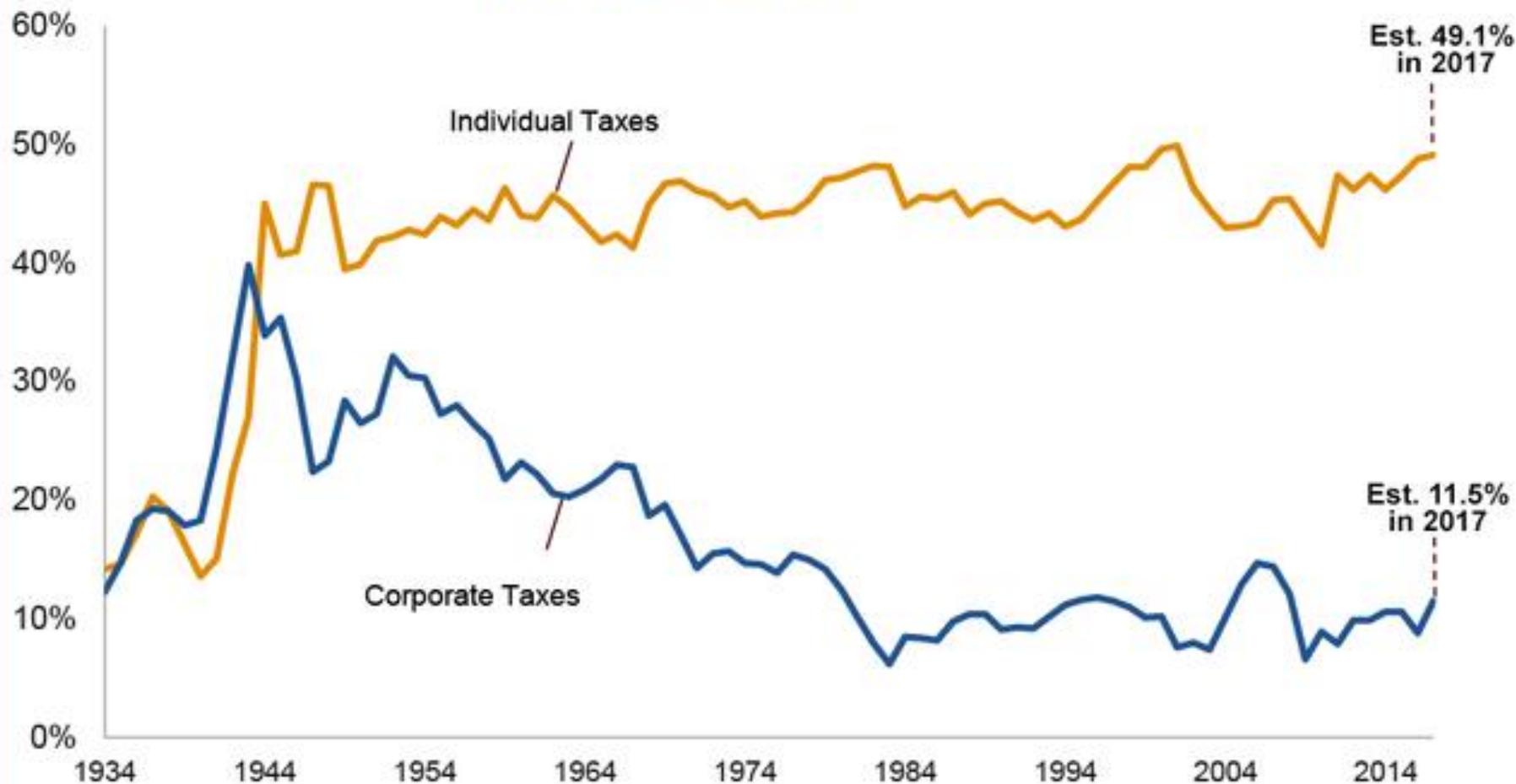
<http://www.pollingreport.com/budget.htm>

# President's Proposed \$3.6 Trillion in Revenue (FY 2017)



# Individual and Corporate Taxes as a Percent of President's Proposed Total Federal Revenue

(FY 1934 - 2017)



Show  
“Government  
Growth and “Is  
Gov’t  
Too Big?”

# *Federal\*, State, Local Taxes*

- *Building Permit Tax*
- *Cigarette Tax*
- *Corporate Income Tax\**
- *Dog License Tax*
- *Federal Income Tax\**
- *Federal Unemployment Tax\**
- *Fishing License Tax*
- *Food License Tax*
- *Gasoline Tax\**
- *Hunting License Tax*
- *Inventory Tax*
- *Liquor Tax*
- *Luxury Tax*
- *Marriage License Tax*
- *Medicare Tax\**
- *Property Tax*
- *Social Security Tax\**

- 
- ***Road Usage Tax***
  - ***Sales Tax***
  - ***Recreational Vehicle Tax***
  - ***School Tax***
  - ***State Income Tax***
  - ***Payroll Tax\****
  - ***Utility Tax***
  - ***Vehicle License  
Registration Tax***
  - ***Vehicle Sales Tax***
  - ***Workers Compensation tax***



<https://www.youtube.com/watch?v=M41OtaYfKcM>

# Budget Deficit

**Gov't spends more (expenditures)**

**than it brings in (revenues)**

**in a year**



# Deficit spending

Congress  
**CAN**  
deficit  
spend

**Most states  
CAN'T  
ALL local  
gov't CAN'T**

Increases  
the debt

<https://www.youtube.com/watch?v=J6TcpfBHlbs>



# National debt \$20 Trillion

[http://  
www.b  
rillig.co  
m/debt  
clock/](http://www.brillig.com/debt_clock/)

**Money  
borrowed  
by gov't**

**Interest  
payments =  
7% of the  
total  
budget**

**Ways to pay  
off debt =  
raise taxes  
OR  
close tax  
loopholes  
OR  
cut spending**



- <https://www.youtube.com/watch?v=cKKHSAE1gls>
- Let's Measure a Trillion
- How big is a trillion on paper?
- **1,000 = one thousand**
- **1,000,000 = one million**
- **1,000,000,000 = one billion**
- **1,000,000,000,000 = one trillion**
- **A trillion is equal to**
- **a thousand billions**
- **(1,000 x 1,000,000,000)**
- **or a million millions**
- **(1,000,000 x 1,000,000).**
- <https://www.youtube.com/watch?v=rrNdSwY4II4>

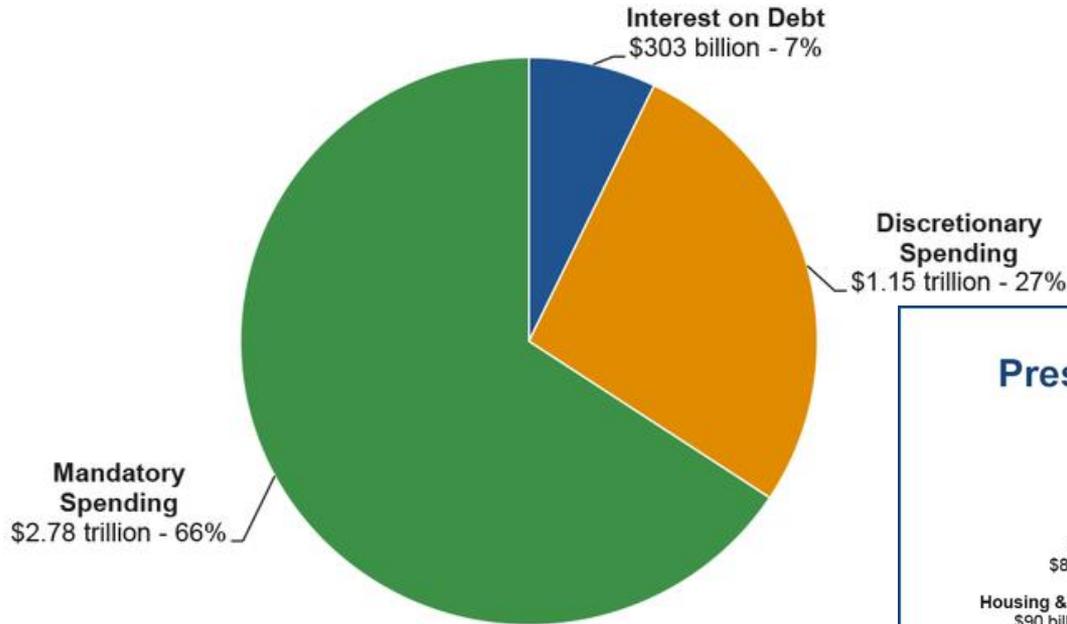


- If a person's salary is \$40,000 per year it would take:
- **25 years to earn \$1 Million**
- **25,000 years to earn \$1 Billion**
- **25,000,000 years to earn \$ Trillion**

- 
- If you lived to be 80 years of
  - age, to have:
  - **\$1 Million you would have to save \$34 each day of your life**
  - **\$1 Billion you would have to save \$34,000 each day of your life**
  - **\$1 Trillion you would have to save \$34 Million each day of your life**



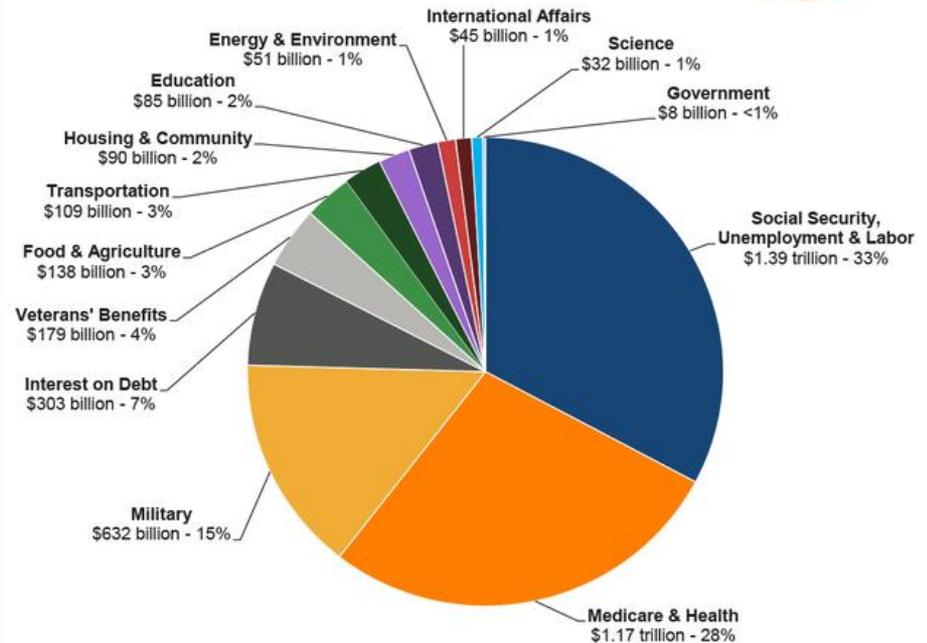
# President's Proposed \$4.2 Trillion Budget: Mandatory and Discretionary Spending and Interest on the Federal Debt ( FY 2017)



# Where do our federal tax dollars go?

<http://www.cbpp.org/cms/index.cfm?fa=view&id=3854>

# President's Proposed \$4.2 Trillion Total Spending (FY 2017)



Source: OMB





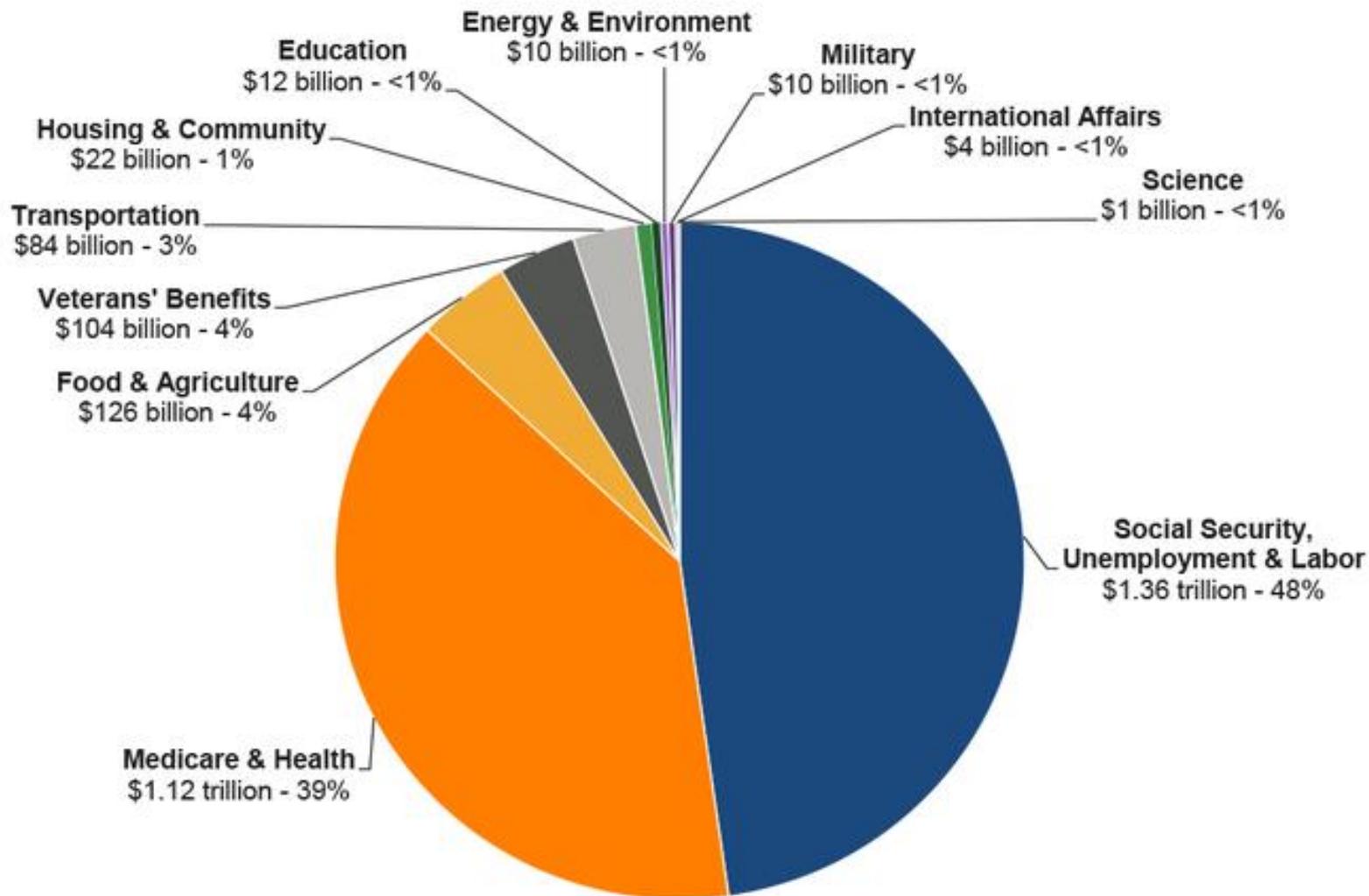
**Mandatory  
Expenditures =  
65% of total budget**

**Entitlements**

**Social  
Security  
  
Medicare  
  
Medicaid**

**Guaranteed  
payments to  
citizens**

# President's Proposed \$2.8 Trillion Mandatory Spending (FY 2017)





Discretionary  
Expenditures  
= 35% of total  
budget

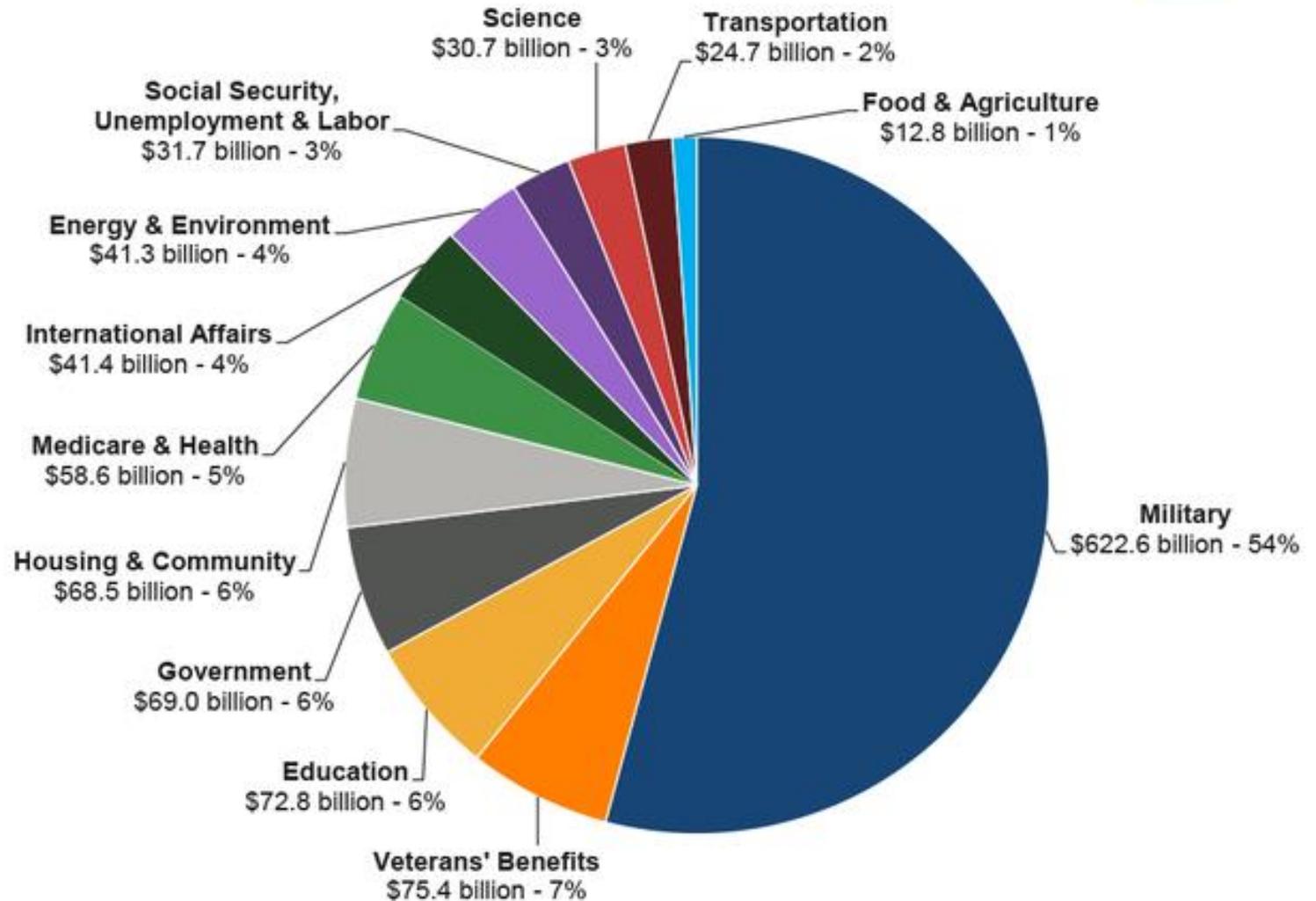
Optional  
funding for  
programs

Military  
Education  
Roads  
Homeland  
Security  
Food  
Inspections

Spending by  
Federal  
Agency

<http://www.downsizinggovernment.org/charts/>

# President's Proposed \$1.15 Trillion Discretionary Spending (FY 2017)





# Earmarks

[https://www.youtube.com/watch?v=3boBYbT\\_vGw](https://www.youtube.com/watch?v=3boBYbT_vGw)

**Funding for  
special  
interest  
projects**

**added into  
the federal  
budget**

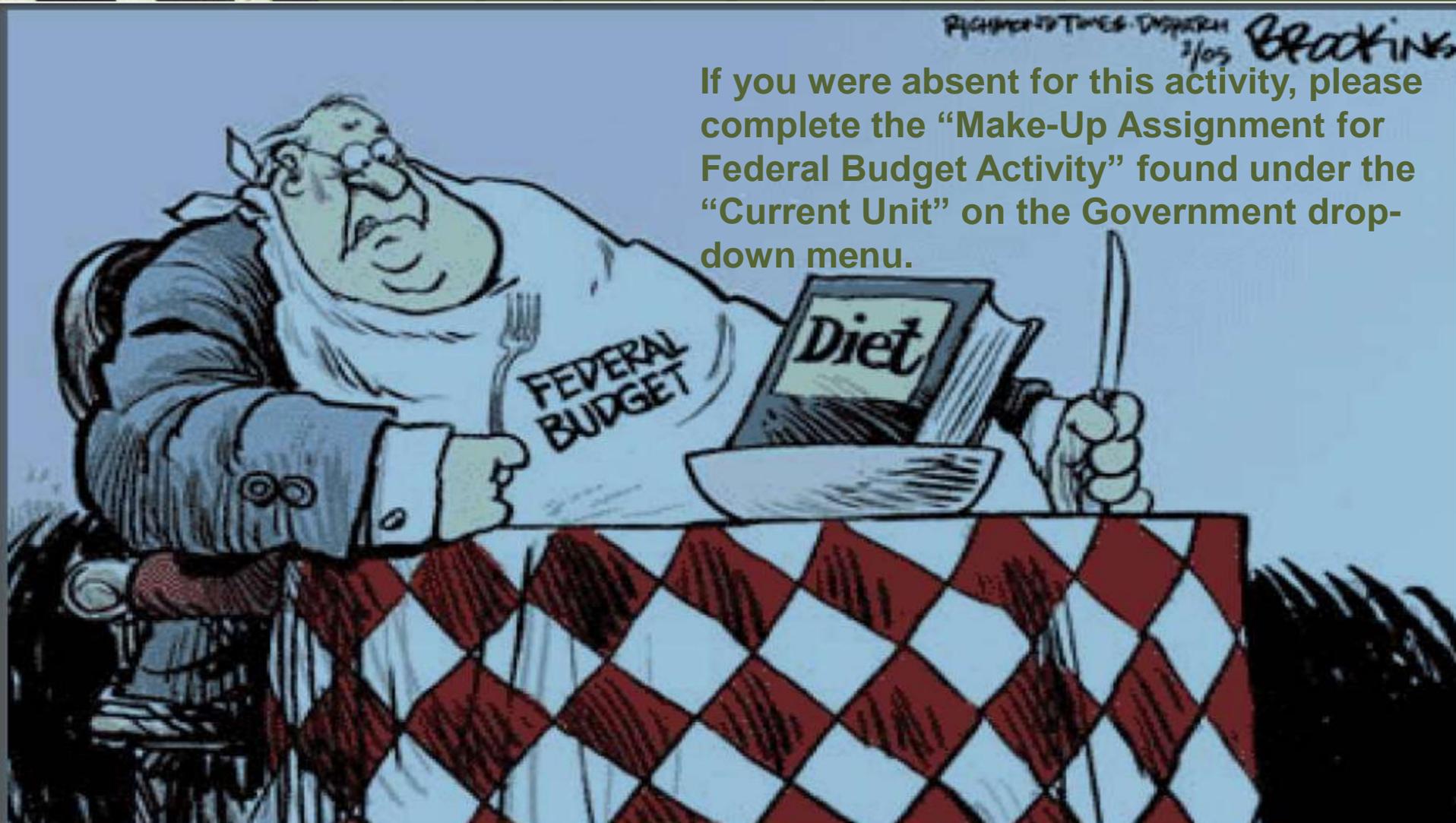
**aka “pork”  
or  
“bringing  
home the  
bacon” to  
voters in one  
district**

- 
- **After Hurricane Katrina, Louisiana Senator, Mary Landrieu (D), asked Congress for \$250 BILLION to rebuild New Orleans.**
  - **If you are one of 484,674 residents of New Orleans (every man, woman, child), you each get \$516,528.**
  - **If you have one of the 188,251 homes in New Orleans, your home gets \$1,329,787.**
  - **If you are a family of four, your family gets \$2,066,012.**

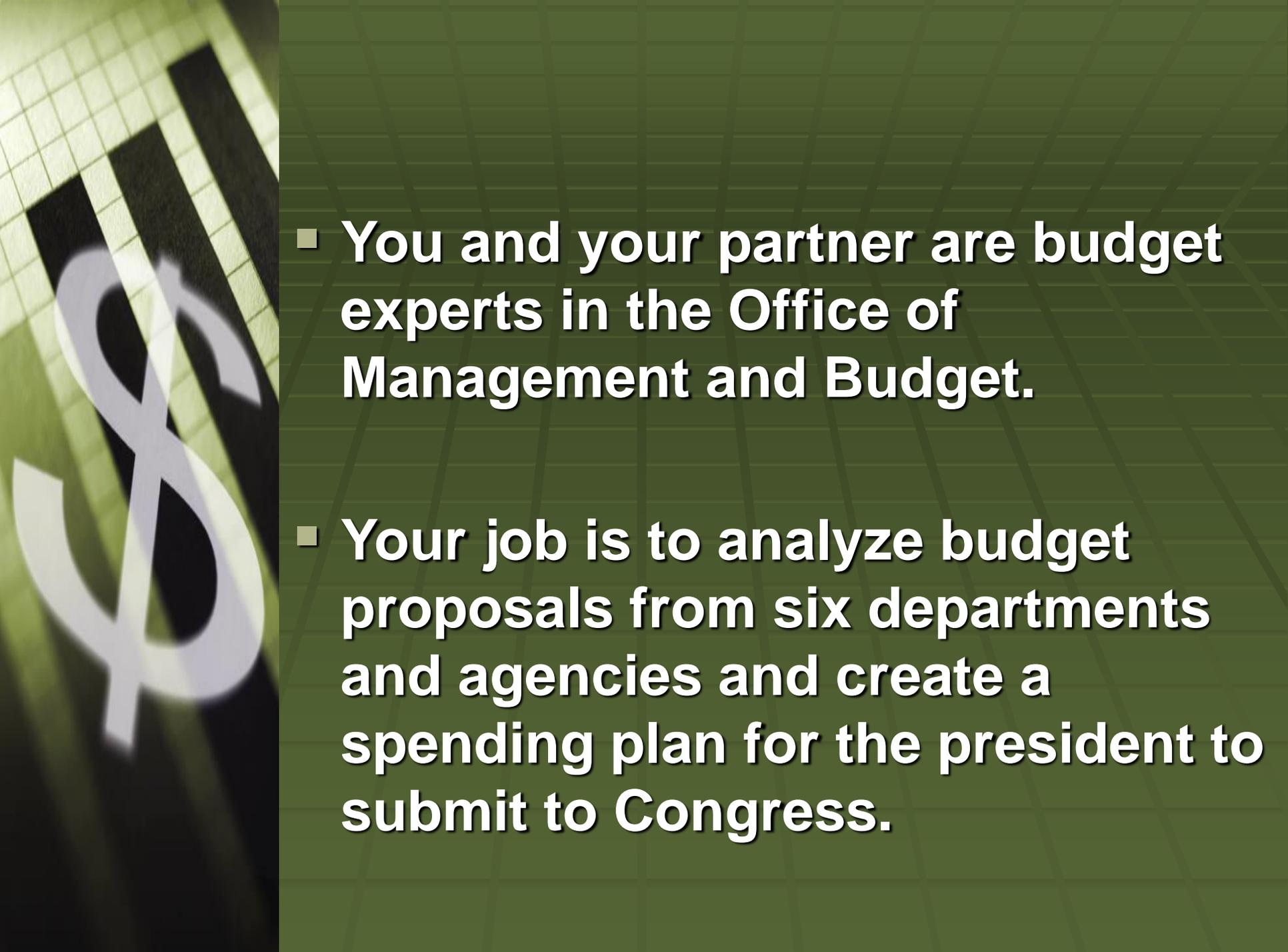
*Analyze this political cartoon about the budget and political ideology.*



# Proposed Spending Plan Class Activity



If you were absent for this activity, please complete the “Make-Up Assignment for Federal Budget Activity” found under the “Current Unit” on the Government drop-down menu.

- 
- **You and your partner are budget experts in the Office of Management and Budget.**
  - **Your job is to analyze budget proposals from six departments and agencies and create a spending plan for the president to submit to Congress.**

- 
- Look over the “Proposed Spending Plan” with/partner.
  - Use the blue card at each station to record the “Primary Responsibilities” in brief bullet points.
  - Review the 6 POTUS Priorities
  - so you can rank the department according to the priorities of POTUS.
  - Write in pencil to revise budget.



**Before you start making cuts, complete the 1st 3 columns of the matrix for all 6 departments.**

- Record the primary responsibilities for this department or agency—BRIEF bullet points.
- Rate (1 = very well, 5 = not well) how well these responsibilities address POTUS priorities.
- Record the mandatory expenditures.

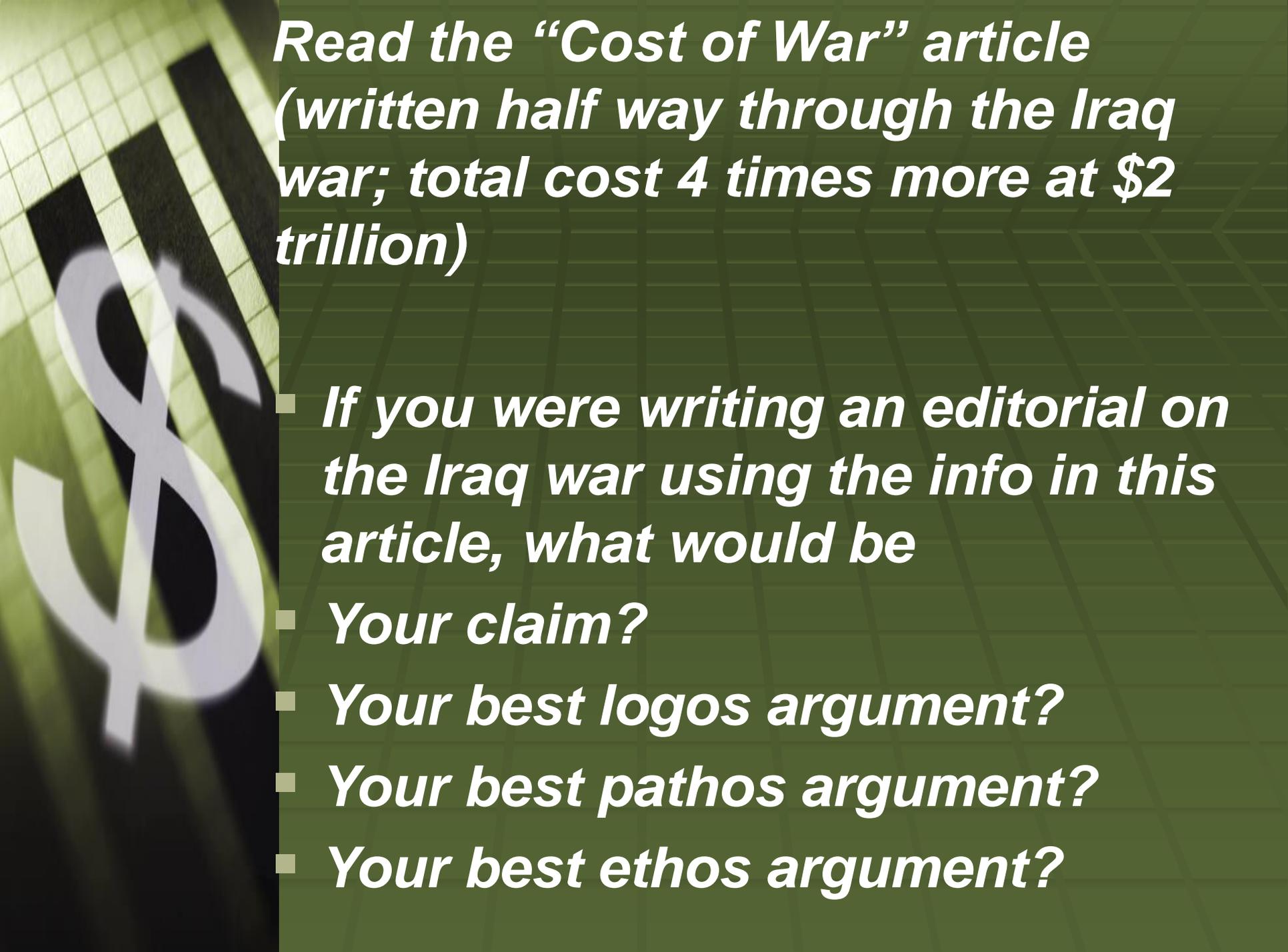
**AFTER you've completed the 1<sup>st</sup> 3 columns for ALL 6 Departments**

- Record how much you propose the government should spend for each discretionary expenditure. **YOU MUST CHOOSE ONE OF THE THREE AMOUNTS ON THE CARD**
- Total mandatory & discretionary expenditures.
- Calculate your budget for all 6 depts. Your goal is to get as close to \$1.935 trillion as possible **WITHOUT GOING OVER \$1,935 trillion or UNDER 1.9 trillion.**

# Cornell Note Reflection

WRITE 4-5 SENTENCES REFLECTING ON WHAT YOU LEARNED ABOUT THE FEDERAL BUDGET PROCESS. YOU MAY ANSWER JUST ONE OR AS MANY OF THE FOLLOWING QUESTIONS IN YOUR REFLECTION.

- What challenges did you face cutting budget expenditures?
- In what ways do you think our activity is similar/different to the actual budget process?
- In what ways would you reform the actual, real-deal federal budget process?
- Which of the following options for cutting our actual federal budget could you support: raising taxes? closing loopholes? cutting spending? Which programs would you cut?



***Read the “Cost of War” article  
(written half way through the Iraq  
war; total cost 4 times more at \$2  
trillion)***

- ***If you were writing an editorial on the Iraq war using the info in this article, what would be***
- ***Your claim?***
- ***Your best logos argument?***
- ***Your best pathos argument?***
- ***Your best ethos argument?***

# BUREAUCRACY

Watch Federal Bureaucracy Video

NORTH AMERICA SYNDICATED BY GANNETT

