

Budget & Expenditures - Lesson Plan

Overview:

The U.S. government spends money according to a budget set annually by the Whitehouse and Congress.

Objectives:

Students will be able to:

- Understand how the U.S. budget is set
- Identify the largest government expenditures
- Note how budget priorities change over time

Background and Information:

- A budget is a plan for spending money
- An expenditure is an item money is spent on

Time:

45 Minutes

Materials:

- iPad
- Gods of Money** app
- Budget & Expenditures Worksheets

Educational Goals:

- To develop an increased understanding of how the U.S. economy works.
- To understand how the U.S. budget is decided

Activity: Budget & Expenditures

I. LECTURE *10 minutes*

- A. The budget determines how the federal government's money will be spent.
- B. The budget of the U.S. Government typically begins as the President's proposal to the U.S. Congress.
- C. The proposal recommends funding levels for the next fiscal year, which begins on October 1.
- D. Congress is required by law to pass appropriations annually and submit funding bills, passed by the Senate and the House of Representatives, to the President for signature.
- E. The U.S. government usually spends more money than it takes in.
- F. Major categories of current spending are:
 1. Social Security (24% of spending)

2. Medicare and Medicaid (24%)
 3. Defense (17%)
- G. Some expenditures are subject to mandatory spending. Some examples are:
1. Social Security
 2. Medicare
 3. Income Security
 4. Health (Medicaid)
- H. Expenditure beyond the mandatory minimums is called discretionary spending. Some discretionary expenditures are:
1. Transportation
 2. International Affairs
 3. Science, Space and Technology
- I. The expenditure with the most discretionary spending is: Defense.

II. DEMONSTRATION *15 minutes*

- A. On the iPad, open the **Gods of Money** app.
- B. Tap 'Start' Gods of Money.
- C. Tap 'Watch' historical data.
- D. Set the Start Date to **Jan 2015**.
- E. Tap 'Start >'.
- F. When the budget appears, pause it by tapping the countdown clock (in the upper right)
- G. Note the 18 expenditures. The amount specified for each expenditure (in millions of dollars) and its corresponding percentage of the total budget are shown in the columns on the right.
- H. The round control knob indicates the current setting for each expenditure.
- I. The thick green line indicates the mandatory spending minimum for individual expenditures. Many expenditures have no mandatory spending minimum.
- J. Note the 3 largest expenditures:
 1. Social security
 2. Defense
 3. Income Security
- K. Note the 3 smallest expenditures:
 1. Commerce and Housing Credit
 2. Energy
 3. Agriculture
- L. What is the expenditure with the most discretionary spending? Defense.
- M. Tap the green checkmark in the upper right to dismiss the budget.
- N. Tap the date (in the upper right) to pause the app.
- O. Double-tap the government box (in the center between the Businesses box and the Households box) to expand the Government - Expenditures box.
 1. If the Government - Revenue window appears:
 - a) Tap the checkmark (in the upper right) to close it
 - b) Single tap the government box to change it to Expenditures
 - c) Double-tap the government box
- P. The Government - Expenditures window shows graphically what is specified in the budget.
- Q. Each area of the Expenditures window is proportional to the total budget.

- R. Each icon represents 1% of the budget.
- S. Tap the checkmark (in the upper right) to close the Government - Expenditures window.

III. IN-CLASS ASSIGNMENT *20 minutes*

- A. Pass out the **Budget & Expenditures Worksheets**, one per student.
- B. Have students follow the instructions on the worksheet:
 - 1. Start and run **Gods of Money** to find and record the Expenditures percentage values for 1970 through 2010 at 10-year intervals.
 - 2. Create a line chart showing the change in the top 4 expenditures for 1970 - 2010.
 - 3. Use the values to answer the worksheet questions.

IV. HOMEWORK ASSIGNMENT *15 minutes*

- A. Assign students to complete the homework assignment on the worksheet.