Assessment

Part 1

Match the clues to the correct terms found in the answer key. Write the letter of each term in the space before each clue.

Answer Key:
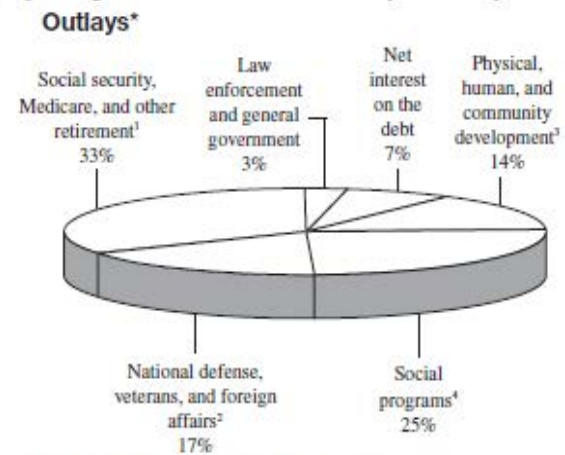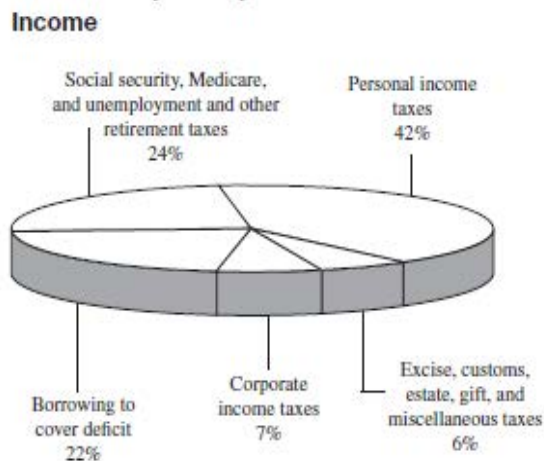**A.** Taxes
B. Public goods and services
C. Revenue
D. Resources
E. Defense

D   Taxes shift these from the private sector to the government.

C   Taxes and borrowed money are two examples used by government.

B   Governments purchase these for the benefit of the community as a whole.

A   When individuals pay these, they have less money to spend on personal goods and services.

E   An example of goods and services provided by our government.

Part 2

Use the pie chart below titled "Income" to complete this activity. Match the taxes to the correct percentage they contribute to federal revenue in the answer key. Write the letter of each percentage in the space before each of the taxes.

Income and Outlays. These pie charts show the relative sizes of the major categories of federal income and outlays for fiscal year 2022.

Income

Social security, Medicare, and unemployment and other retirement taxes
24%

Personal income taxes
42%

Borrowing to cover deficit
22%

Corporate income taxes
7%

Excise, customs, estate, gift, and miscellaneous taxes
6%

Outlays*

Social security, Medicare, and other retirement[1]
33%

Law enforcement and general government
3%

Net interest on the debt
7%

Physical, human, and community development[3]
14%

National defense, veterans, and foreign affairs[2]
17%

Social programs[4]
25%

*Numbers may not total to 100% due to rounding.

Answer Key:
A. 24%
B. 7%
C. 32%
D. 30%

D   Borrowing to cover deficit

A   Social Security, Medicare, unemployment and other retirement taxes

B   Corporate income taxes

C   Personal income taxes

Part 3

Use the pie charts from Part 2 to answer the following questions. Indicate whether each of the statements below is True or False. Write your answer in the space provided.

1. The largest federal outlay is for Defense. **False**

2. Social Security, Medicare, and other retirement accounts for 38% of federal spending.

    True

3. Personal income tax accounts for the greatest tax revenue. **True**

4. More government dollars are spent on Law Enforcement than on Defense. **False**

5. Corporate Income Taxes make up 7% of federal revenue. **True**