|  |  |
| --- | --- |
| **Grade:** | **Course: Economics**  |
|  |  |
| **Unit Focus – Taxes** |
|  |
| **Week of May 4th, 2020** |
| **Standard(s)** |
| E.29 Describe methods of revenue (e.g., taxes and bonds) for governments, and explain ways that they allocate funds.E.31 Define progressive, proportional, and regressive taxation, and discuss how federal, state, and local governments utilize them.E.32 Analyze economic costs and benefits of government policies (e.g., Social Security, Medicare, earned income credits, military expenditures, and public education).E.35 Define fiscal and monetary policy, and explain how the government uses these in its efforts to influence the economy. E, P E.36 Explain how price stability, full employment, and economic growth influence fiscal and monetary policy making |
| **Day 1** |
| **Focus 1: Federal, State, Local Taxes and Spending** **Task 1: Watch the Crash Course Economics video explaining Taxes. Then, answer the questions below.** <https://www.youtube.com/watch?v=7Qtr_vA3Prw&list=PL8dPuuaLjXtPNZwz5_o_5uirJ8gQXnhEO&t=0s>**1- Is taxation necessary? Why?****2- How does a progressive tax differ from a regressive tax?****3- Why do some Americans want a “flat tax”?****4- What is Social Security and why do many Americans count on Social Security?****5- Why is it difficult for the Federal Government to have a balanced budget?****6- Is a gasoline tax a regressive tax? Explain your answer.****7- Why do many Americans consider a progressive income tax to be a fair tax?** |
| **Day 2** |
| **Focus 1: Taxes****Task 1: Read this week’s glossary and answer the following questions:** **This Week’s Glossary:****1- Tax*** **A required payment to a local, state, or national government**
* **Government revenue consists of income received in the form of taxation and nontax sources**
* **The individual income tax is a tax on a person’s income**

**2- Proportional Tax*** **Is a tax for which the percentage of income paid in taxes remains the same for all income levels; it is frequently called a “flat tax” because everyone pays the same percentage regardless of income**

**3- Progressive Tax*** **Is a tax for which the percentage of income paid in taxes increases as income increases; the Federal Income Tax is an example of a progressive tax**

**4- Regressive Tax*** **Is a tax for which the percentage of income paid in taxes decreases as income increases; a sales tax is regressive because higher-income earners spend a lower proportion of their incomes on taxable products**

**5- FICA*** **The Federal Insurance Contributions Act or FICA funds two large government programs: Social Security and Medicare – employers withhold money for FICA and income taxes**

**Multiple-Choice Questions:**

|  |  |
| --- | --- |
| **1. A required payment to a local, state, or national government is referred to as****(1) A tax.****(2) A tax base.****(3) A property tax.****(4) Revenue.****2. If an employee is awarded a raise of $3,000 a year and is taxed at a higher percentage of her total earnings as a result of this raise, the federal government is using which kind of tax structure?****(1) incidence tax****(2) proportional tax****(3) progressive tax****(4) regressive tax****5. A proportional tax is****(1) A tax for which the percentage of income paid in taxes decreases as income increases.****(2) A tax for which the percentage of income paid in taxes increases as income increases.****(3) A tax on the value of a company's profits.****(4) A tax for which the percentage of income paid in taxes remains the same for all income levels.****6. The Medicare program is a national health insurance program that****(1) Insures America's poorest people.****(2) Covers people over the age of 65 and others with certain disabilities.****(3) Only insures people who are under the age of 65.****(4) Is funded by Social Security taxes.****7. The form used to file income taxes is a****(1) Withholding.****(2) Personal exemption.****(3) Tax return.****(4) Deduction.****8. Social Security is****(1) Old-age, Survivors, and Disability Insurance (OASDI).****(2) A national health insurance program that helps pay for health care for people over age 65 or with certain disabilities.****(3) The use of taxation to encourage or discourage certain behavior.****(4) The income on which individuals pay taxes.****9. A tax incentive is****(1) The use of taxation to encourage or discourage certain behaviors.****(2) A tax on imported goods.****(3) Taking tax payments out of an employee's pay before he or she receives it.****(4) A set amount that you subtract from your gross income for yourself, your spouse, and any dependents.**  | **3. Income received by a government from taxes and nontax sources is referred to as****(1) Incidence of a tax.****(2) Progressive tax.****(3) Tax base.****(4) Revenue.****4. A regressive tax is****(1) A tax for which the percentage of income paid in taxes decreases as income increases.****(2) A tax for which the percentage of income paid in taxes increases as income increases.****(3) A tax on the value of a company's profits.****(4) A tax for which the percentage of income paid in taxes remains the same for all income levels.****10. One of the reasons Medicare costs have been rising is****(1) Hospitals are holding patients for longer periods of time.****(2) Life spans of U.S. citizens are increasing.****(3) Recent outbreaks of diseases have affected Medicare recipients.****(4) The population of low-income families has risen.****11. An entitlement program that benefits low-income families, some people with disabilities, and elderly people in nursing homes is****(1) Medicare.****(2) Medicaid.****(3) Social Security.****(4) Mandatory spending.****12. All of the following are examples of means-tested entitlement benefits EXCEPT****(1) Food stamps.****(2) Supplemental Security Income (SSI).****(3) Child nutrition programs.****(4) Social Security.****13. The balanced budget is a budget****(1) In which revenues are greater than spending.****(2) In which revenues are equal to spending.****(3) For day-to-day expenses.****(4) For major capital, or investment, expenditures.****14. Which of the following is NOT a responsibility of local government?****(1) keeping records of births, deaths, and marriages****(2) providing public schools****(3) building a highway system****(4) supplying fire protection****15. A “Flat” tax is****(1) Progressive (3) Regressive****(2) Proportional (4) Disproportional**  |

 |
| **Day 3** |
| **Focus 1: Federal Taxes and Spending****Task 1: Read the key terms and answer the questions about Federal Taxes and Federal Spending****Federal Taxes****Reflection: Consider why employees are required to fill out and submit tax returns on April 15th if employers send taxes to the Federal government during the year.****Withholding: taking tax payments out of an employee’s pay before he or she receives it****Tax Return: form used to file income taxes****Taxable Income: income on which tax must be paid; total income minus exemptions and deductions****Personal Exemption: set amount that you subtract from your gross income for yourself, your spouse, and your dependents****Deductions: variable amounts that you can subtract, or deduct, from your gross income****FICA: Federal Insurance Contributions Act…funds two large government programs, Social Security and Medicare…employers withhold money for FICA and income taxes****Social Security: established in 1935…Old Age, Survivors, and Disability Insurance (OASDI)****Medicare: a national health insurance program that helps pay for health care for people over age 65 or with certain disabilities****Estate tax: a tax on the estate, or total value of the money and property of a person who has died****Gift tax: a tax on money or property that one living person gives to another…but a person can give up to $10,000 a year tax-free to each of several different people****Tariff: a tax on imported goods****Tax Incentive: the use of taxation to encourage or discourage certain behaviors…so-called sin taxes discourage people from buying and using tobacco and alcohol****Questions:****1) Should the government use taxes to encourage or discourage certain behaviors?****2) Simplicity, efficiency, certainty, and equity are the characteristics of a good tax. Which U.S. taxes do you consider good taxes and why?** |
| **Day 4** |
| **Focus 1: Fiscal policies and fiscal spending** **Task 1: Read the key terms and glossary and answer the questions about fiscal policies and spending****1) To define fiscal policy and identify its functions****2) To compare and contrast expansionary fiscal policies and contractionary fiscal policies****3) To analyze the budget process****Reflective Questions:****1) Why was the Great Depression a turning point in Economic History?****2) Fiscal Policy is the government use of taxing and spending to stabilize the economy. How can tax cuts stimulate an economy? Explain.****3) Expansionary Policies are fiscal policies, like higher spending and tax cuts, that encourage economic growth. Contractionary Policies are fiscal policies, like lower spending and higher taxes, that reduce economic growth.** **A) Why are the terms “expansionary” and “contractionary” used to explain these policies?** **B) How do expansionary policies differ from contractionary policies?****C) Is fiscal policy consistent with Laissez faire? Explain.****D) Why is fiscal policy necessary?****4) What is the first step in the creation of any budget?****5) Given the structure of our federal government, what institutions or individuals are involved in the creation of our federal budget?****6) Why are there political battles over the budget?** |
| **Day 5** |
| **Focus 1: State and Local Taxes****State and Local Taxes and Spending****Reflection: Who provides the buses and trains that transport people around your community?****Operating budget: budget for day-to-day expenses…the state’s operating budget includes salaries of state employees, supplies, and maintenance of state facilities****Capital budget: budget for major capital, or investment, expenditures…most of these expenses are met by long-term borrowing or the sale of bonds…example: when the state builds a new bridge, the money comes from this budget****Balanced budget: budget in which revenues are equal to spending…unlike the federal government, states have laws that require balanced budgets…applies only to operating budget, not capital budget.****Where are State Taxes Spent?****\*Education****\*Public Safety****\*Public Welfare****\*Arts and Recreation****\*Administration****Tax Exempt: not subject to taxes…nonprofit organizations, religious groups, and charities…these are usually tax exempt.****States cannot tax imports and exports of goods sent between states because trade and commerce are considered national enterprises****Sales tax and individual income taxes provide the largest part of state revenues.****Real property-physical property such as land and buildings****Personal property-possessions such as jewelry, furniture, and boats****Tax assessor-an official who determines the value of a property****Property taxes are the main sources of tax revenue levied by the local governments.****Questions:****1) What is the difference between a state’s operating budget and its capital budget?****2) Which state budget must be balanced?** |
|  |