

Economic Policies and You | Worksheet



Matching

Match the definition in Column A with the term in Column B.

Column A

- _____ Government influences the economy through adjustments.
- _____ Economic uptick with increased spending and job growth.
- _____ U.S. central bank managing monetary policy and stability.
- _____ Economic slowdown with lower spending and fewer jobs.
- _____ Central bank influences money supply and interest rates.

Column B

- a. Expansion
- b. Contraction
- c. Monetary Policy
- d. Fiscal Policy
- e. Federal Reserve

Multiple Choice

1. **Which of the following best describes the purpose of the Federal Reserve's monetary policy?**
 - a. To set the rules for how businesses operate.
 - b. To manage economic growth by influencing interest rates.
 - c. To decide how much money each person earns.
 - d. To control government spending on education and healthcare.
2. **When the government lowers taxes and increases spending on projects like building roads and schools, what is the main goal?**
 - a. To encourage people to save more and borrow less.
 - b. To reduce the money supply and control inflation.
 - c. To create more job opportunities and increase spending.
 - d. To limit the amount of money businesses can spend.
3. **If interest rates go up, which of the following is most likely to happen?**
 - a. People and businesses will borrow more money because loans are cheaper.
 - b. People will spend more money on goods and services because they feel wealthier.
 - c. The government will automatically lower taxes to make up for it.
 - d. People and businesses will borrow less because loans are more expensive.
4. **Which of the following best explains why fiscal policy might change after an election?**
 - a. Elected leaders may have different priorities and pressure the fed.
 - b. The Federal Reserve always lowers interest rates after elections.
 - c. Businesses need new laws every time there's an election.
 - d. Elections have no effect on fiscal policy decisions.

Application

Imagine you've just received your first paycheck from a part-time job, and you notice that a portion of your earnings has been deducted for taxes. The government uses these tax dollars to fund a variety of programs. Research how tax dollars are allocated in the most recent budget for your state. Additionally, how might changes in taxes on income affect you, your family, or the businesses and communities around you?



Scan to watch episode:

Economic Policies and You | Answer Key

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- e. U.S. central bank managing monetary policy and stability.
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Example Student Response: "After receiving my first paycheck, I noticed that taxes took out a noticeable portion of my earnings. When I researched how tax dollars are spent in my state, I found that a significant amount is allocated to education and healthcare programs. For example, California spends around \$108 billion on K-12 schools, but the state's education system ranks 33rd in 8th-grade reading on the Nation's Report Card. This makes me question whether all this funding is being used effectively.

If taxes on income were to increase, it would affect my family by reducing the money we have available for savings or everyday expenses. Higher taxes might also discourage local businesses from hiring new employees or expanding, which could hurt job opportunities in my community. On the other hand, if taxes were lowered, it might help families and businesses keep more of their money, but it could also mean less funding for important public programs. This has helped me see how tax policies influence not just my paycheck but the broader economy and community."

Guidance for Grading:

Tax Allocation Insight:

Ensure the student clearly identifies how tax dollars are allocated in their state, referencing at least one major spending category (e.g., education, healthcare, infrastructure). Look for an understanding of how this allocation reflects government priorities and impacts the state's residents.

Personal and Community Impact:

Check that the student explains how changes in taxes on income could affect their family's finances, such as reduced disposable income or increased savings opportunities. Additionally, the response should reflect on how higher or lower taxes might influence businesses and communities, like job creation or funding for public programs.

Connection to Fiscal Policy:

Confirm that the student connects their findings to the broader concept of fiscal policy. While the response doesn't need to be highly technical, it should show an understanding that tax policies shape government spending, personal finances, and economic outcomes within a community.