



The Risky Business of National Budgets | Lesson Plan

How does a government's ability (or inability) to manage its budget affect the lives and futures of its citizens?

Students will understand that, just like individuals, governments must make careful decisions about spending and borrowing. Consistent budget deficits and growing national debt can impact economic stability, personal opportunity, and a country's financial future.

Learning Objectives:

- Explain the relationship between budget deficits and national debt.
- Explain how interest on the national debt adds to government financial challenges.
- Analyze the consequences of government borrowing through securities.
- Apply the concept of default to both national and personal financial situations.
- Compare a personal budget deficit to a national budget deficit.
- Summarize how the U.S. government creates and funds its national budget.

Key Vocabulary:

- **Deficit:** A shortfall that occurs when expenses exceed income.
- **Budget surplus:** When the government collects more money in taxes than it spends in a year.
- **Budget deficit:** When the government spends more money than it collects in taxes during a year.
- **National debt:** The total amount of money the government owes from borrowing over many years.
- **Securities:** Financial tools the government sells to borrow money, like treasury notes, bills, and bonds.
- **Default:** When a borrower (like the government) fails to repay a loan on time.

Educational Standards: CCRA.R.7, CCRA.R.10, CCRA.W.2, CCRA.W.4, CCRA.W.7, CCRA.SL.1, CCRA.SL.2, CCRA.L.6

Academic Subject Areas: Economics, Government & Civics, Business & Personal Finance

What You'll Need

- Video: *Ca\$h Cour\$e: The Risky Business of National Budgets* (Watch [Here](#))
- Worksheet: *Ca\$h Cour\$e: The Risky Business of National Budgets* (Click [Here](#))
- Classroom whiteboard and dry-erase markers (or use a technology solution if available).

Lesson Plan (50 mins.)

Warm-Up: (15 mins.)

Scan to watch episode:



1. Start by writing “\$4.9 trillion in revenue” and “\$6.8 trillion in spending” on the board.
2. Ask the class: What happens when you spend more than you take in?
3. As they answer, begin drawing a spiral and label it “National Debt.” Add interest (\$875 billion) and previous deficits. Explain that this spiral is where the U.S. finds itself today. Let’s figure out how we got here.
4. Explain that today, students will learn about our national budget and why government borrowing matters for every American.
5. Go over **Key Vocabulary** with the students. Take time to explain each term clearly, checking for comprehension as you go. Ensure students have a solid grasp of the vocabulary before proceeding with the lesson.
 - **Deficit:** When spending is greater than income.
Example: If you earn \$100 but spend \$150, you’re running a \$50 deficit.
 - **Budget surplus:** When income is greater than spending.
Example: If the government collects \$3.5 trillion in taxes but spends \$3 trillion, there is a surplus of \$0.5 trillion.
 - **Budget deficit:** When the government spends more than it collects in taxes in a year.
Example: In 2024, the U.S. spent \$6.752 trillion but only collected \$4.919 trillion in taxes.
 - **National debt:** The total amount the government owes from borrowing over many years.
Example: All past deficits together are currently over \$36 trillion.
 - **Securities:** Financial tools (like bonds) that the government sells to borrow money.
Example: The U.S. sells treasury bonds to investors who expect repayment with interest.
 - **Default:** When a borrower doesn’t pay back a loan as promised.
Example: A person missing credit card payments or a country not repaying bondholders.
6. Have students come up with a few examples of their own to test understanding.
7. Transition to today’s enduring question and explain that this question will help guide their understanding of today’s lesson: *How does a government's ability (or inability) to manage its budget affect the lives and futures of its citizens?*
8. Once students are comfortable with the key terms, explain that they’ll watch a short video that brings these concepts to life.
9. Let students know they’ll be expected to discuss and apply what they see, so they should watch carefully for moments that connect to the vocabulary they just reviewed.

Watch and Discuss: (15 mins.)

1. Show the *Ca\$h Cour\$e: The Risky Business of National Budgets* video to the class.

2. Feel free to play the video straight through or pause at moments where key terms—like deficit, borrowing, or default—are clearly illustrated. Use these moments to check for understanding, highlight vocabulary, or invite quick discussion.
3. After the video, ask the following discussion and comprehension questions:
 - What is a budget deficit, and how is it different from the national debt?
 - How does the U.S. government borrow money to cover a budget deficit?
 - Why does the national debt increase every time the government runs a deficit?
 - What does it mean for a country to default on its debt?
 - How is a national budget similar to or different from a personal budget?
 - Why should citizens care about the national debt? How might it affect their future?
4. Distribute the *Cash Course: The Risky Business of National Budgets* worksheet. Allow students to complete the worksheet independently or work in pairs to reinforce their understanding.

Wrap-Up: (15 mins.)

1. If students have not yet finished the worksheet, allow time to complete it. Circulate the room to provide support and check for understanding.
2. Go over selected questions together to reinforce key concepts. Focus especially on:
 - Multiple choice items tied to real-world reasoning
 - The application question
3. Write the following prompt on the board as an Exit Ticket:
 - *How does a government's ability to manage its budget affect its citizens?*
 - Students can write a quick response on an index card or notebook, or submit it at the back of their worksheet.
4. Use the completed worksheets as a formative assessment to evaluate comprehension and mastery of the lesson objectives.

Don't have time for the full lesson? Quick Activity (10-15 mins.)

Distribute the worksheet and allow students to complete it while they follow along with the video. Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.