

Name: _____ Date: _____

Answer Key: Build a City: 4th Grade Fiscal Policy Strategy Challenge

Justify public spending choices and predict how tax changes impact a community's neighborhood parks and local fire departments.

1. The town of Sunnyvale wants to build a new public library. Where does the government usually get the money to pay for this building?

Answer: B) By collecting taxes from people and businesses

Taxes are the primary way governments collect revenue to fund public services like libraries, schools, and roads.

2. True or False: If the government decides to spend less money on fixing roads, they might be trying to save money for a different project.

Answer: A) True

Fiscal policy involves making choices; choosing to spend less in one area allows the government to save or spend elsewhere.

3. When the government lowers taxes, families usually have _____ money to spend at local shops.

Answer: C) more

Lowering taxes means people keep a larger portion of their earnings, which increases their 'disposable income' for spending.

4. Imagine your city is growing very fast and the schools are crowded. What is a fiscal policy solution a mayor might suggest?

Answer: B) Increase government spending to build new classrooms

Increasing spending is a fiscal tool used to provide necessary infrastructure like schools when the population grows.

5. True or False: Only the President makes decisions about how every single town in America spends its tax money.

Answer: B) False

Fiscal policy happens at many levels, including local city councils and state governments, not just the federal level.

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6. A government _____ is a written plan that shows how much money they expect to collect and how they will spend it.

Answer: D) budget

A budget is the essential financial document used by governments to organize their fiscal policy goals.

7. Which of these is an example of a service paid for by local government spending?

Answer: C) Training town firefighters

Public safety services like fire departments are classic examples of government spending for the community.

8. If a city wants to encourage people to use less electricity, they might put a special _____ on high energy use to make it more expensive.

Answer: B) tax

Taxes can be used not just for revenue, but also as a tool to change behavior or discourage certain activities.

9. True or False: Fiscal policy can affect how many people are able to find jobs in a city.

Answer: A) True

When governments spend money on projects like building bridges, they create jobs for construction workers and engineers.

10. If a government decides to spend money on 'Renewable Energy Research,' what outcome are they likely trying to achieve?

Answer: A) Finding new ways to power the country without pollution

Government spending on research is an investment in future technology and a cleaner environment.