

Name: \_\_\_\_\_ Date: \_\_\_\_\_

## Answer Key: Wrangle the Town Budget: A 4th Grade Economics Quiz

Tackle 10 questions about how community taxes and government spending keep your city running smoothly.

---

**1. When a city decides to build a new public playground for all children to use, what is this an example of?**

**Answer:** B) Government spending

Government spending occurs when the government uses money to provide services and facilities, like parks, for the community.

**2. True or False: The money the government collects from citizens to pay for things like libraries and firefighters is called taxes.**

**Answer:** A) True

Taxes are the primary way governments gather revenue to fund public services that benefit everyone.

**3. A community needs more workers to build a new bridge. By spending money on this project, the government helps create \_\_\_\_\_ for the people.**

**Answer:** C) jobs

When the government spends money on big projects like bridges or roads, it creates work opportunities for people in the community.

**4. Which of these is a common reason a local government might choose to lower taxes for its citizens?**

**Answer:** B) To give families more money to spend at local stores

Lowering taxes can help the economy grow by leaving more money in the pockets of citizens to spend on goods and services.

**5. If a town wants to protect its citizens from house fires, which government action is most helpful?**

**Answer:** B) Spending tax money on a fire department

Funding emergency services like fire departments is a key way the government uses fiscal policy to provide for public safety.

Name: \_\_\_\_\_ Date: \_\_\_\_\_

**6. True or False: Governments only spend money on things they can sell for a profit.**

**Answer:** B) False

Governments often spend money on 'public goods' like parks or streetlights that are free for everyone to use and do not make a profit.

**7. When the government makes a plan for how much money it will collect and how it will spend it, this plan is called a \_\_\_\_.**

**Answer:** C) budget

A budget is a financial plan that outlines where money comes from and where it will be spent.

**8. Which of these items would likely be funded by tax dollars in your local community?**

**Answer:** C) The local public school

Public schools are funded by the government through taxes so that education is available to all children in the area.

**9. True or False: Decisions about taxing and spending are part of what experts call fiscal policy.**

**Answer:** A) True

Fiscal policy is the term used to describe how the government uses its spending and tax collection to influence the economy.

**10. If a government decides to spend more money on building new schools than it did last year, it is using its \_\_\_\_ powers.**

**Answer:** A) fiscal

Managing money through spending and taxes is known as fiscal power or fiscal policy.