

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

## Answer Key: The Treehouse Treasury: A Heroic Pre-K Fiscal Policy Adventure

Young leaders decide how to gather colorful seeds and choose which community toys to fix in this high-stakes social choice challenge.

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**1. The neighborhood park needs a new swing, but the jar is empty! How should the Little Leaders gather 'Resource Seeds' from everyone to pay for it?**

**Answer:** B) Collect one seed from every neighbor to help

In fiscal policy, taxation involves collecting contributions from members of a community to fund shared public goods like a park swing.

**2. True or False: If the 'Community Toy Box' is broken, the town leader can use the collected seeds to hire a fixer.**

**Answer:** A) True

Government spending is the process of using collected revenue to provide services and maintain infrastructure for the group.

**3. When the Mayor decides to spend all the seeds on a big party instead of fixing the leaky bridge, this is a choice about \_\_\_\_\_.**

**Answer:** B) Budgeting

Budgeting requires evaluating which needs are most important when deciding how to allocate limited fiscal resources.

**4. Oh no! There are too many seeds in the village and things are getting confusing. Should the leader collect MORE seeds or FEWER seeds to help everyone slow down?**

**Answer:** B) Collect more seeds to slow down spending

Contractionary fiscal policy involves increasing taxes or reducing spending to stabilize an economy that is moving too fast (inflation).

**5. True or False: A leader should only spend seeds on their own house and never on the school.**

**Answer:** B) False

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Fiscal policy focuses on public interest and the distribution of resources for the benefit of the entire community, not just the individual leader.

**6. If the town has NO seeds but needs to build a hospital right now, they might have to \_\_\_\_\_ seeds from a neighboring town.**

**Answer:** B) Borrow

When government spending exceeds tax revenue, the government creates a deficit and must borrow funds to cover costs.

**7. The 'Happy Town' map shows that the bridge is broken and nobody can go to work. What is the BEST way for the leader to use the seeds?**

**Answer:** B) Pay workers to fix the bridge so shops can open

Strategic government spending on infrastructure can stimulate economic activity and provide jobs during a downturn.

**8. True or False: When the leader gives seeds back to the families, the families can buy more bread, which helps the baker.**

**Answer:** A) True

Tax cuts (returning revenue) increase disposable income, which drives consumer spending and supports local businesses.

**9. A leader who plans for the future must decide if it is better to spend seeds today or \_\_\_\_\_ them for an emergency.**

**Answer:** B) Save

Fiscal responsibility involves balancing current expenditures with the need for reserves (surplus) for future economic stability.

**10. If the leader chooses to spend seeds on a library instead of a swimming pool, what has happened?**

**Answer:** B) The leader made a trade-off based on community needs

Fiscal policy requires evaluating opportunity costs; choosing to fund one project often means choosing NOT to fund another.