

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

## Answer Key: Big Budgets, Small Wallets: 6th Grade Fiscal Policy Quiz

Examine how tax dollars turn into community services and discover the balancing act between public spending and family savings through this quick-response challenge.

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**1. What are the two main tools the government uses to manage the country's fiscal policy?**

**Answer:** B) Taxing and spending

Fiscal policy specifically refers to the government's decisions regarding how much money to collect (taxes) and how much to use for public services (spending).

**2. When the government collects taxes, it is essentially taking away some of the 'purchasing power' of citizens.**

**Answer:** A) True

Taxation reduces the amount of money individuals have available to spend on their own needs and wants.

**3. If a city wants to build a new public park, the money usually comes from government \_\_\_\_\_.**

**Answer:** C) Spending

Government spending is the process of using public funds to provide community resources like parks, schools, and roads.

**4. Which of these is an example of a service provided through government spending?**

**Answer:** B) Local fire departments

Fire departments are public services funded by the government to ensure the safety of all citizens.

**5. The money that citizens and businesses are required to pay to the government is called \_\_\_\_\_.**

**Answer:** D) Taxes

Taxes are the primary source of revenue for the government to pay for its operations.

**6. One goal of fiscal policy is to help keep the economy stable so that many people have jobs.**

**Answer:** A) True

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Governments use fiscal policy to encourage economic growth and reduce unemployment during slow times.

**7. If the government decides to lower taxes, what is a likely result for most families?**

**Answer:** B) They will have more money to spend

Lowering taxes leaves more 'disposable income' in the hands of citizens, allowing them to purchase more goods and services.

**8. When the government builds a massive interstate highway, this is an investment in \_\_\_\_\_.**

**Answer:** A) Infrastructure

Infrastructure refers to the basic physical structures (like roads and bridges) needed for a society to function.

**9. Fiscal policy decisions are made by everyday citizens at the grocery store.**

**Answer:** B) False

Fiscal policy is decided by government leaders and lawmakers, not by individual consumers during daily shopping.

**10. Imagine the economy is slowing down. What might the government do to 'kickstart' activity?**

**Answer:** C) Increase spending on new projects

Increasing spending puts money into the economy and creates jobs, which helps boost economic activity.