

Name: _____ Date: _____

Answer Key: When the Mayor's Piggy Bank Breaks: Grade 3 Fiscal Policy Fun

Young city planners will decide how to fund public parks and fix bumpy roads while balancing a community budget in this advanced assessment.

1. The Town of Sunnyvale wants to build a new library, but they don't have enough money yet. To get the money, the town council decides to charge everyone an extra dollar when they buy a toy. What is this plan called?

Answer: B) A sales tax

A sales tax is a way the government collects money from things people buy to pay for public projects like libraries.

2. When the government decides to spend money on building a new bridge instead of buying new computers for an office, they are making a ___ decision.

Answer: B) Budget

A budget is a plan that shows how the government will spend the money it has collected.

3. True or False: If the government lowers taxes, people usually have more money in their pockets to spend at local shops.

Answer: A) True

Lowering taxes means the government takes less money, leaving more for citizens to spend on their own needs.

4. The Governor wants to help more people find jobs. She decides the state should spend money to hire workers to plant 10,000 new trees. This is an example of:

Answer: A) Government spending to help the economy

Government spending can create jobs and help the economy grow by putting people to work on public projects.

5. To keep the community safe, the government uses tax money to pay for ____.

Answer: B) Firefighters

Public services like fire departments and police are funded by the government for everyone's safety.

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6. True or False: Fiscal policy is the name for the rules the government uses for taxing and spending.

Answer: A) True

Fiscal policy refers specifically to how a government manages its money through revenue (taxes) and expenses (spending).

7. If a city spends MORE money on a new park than it collected in taxes, what will happen to the city's budget?

Answer: B) It will have a deficit

A deficit happens when you spend more money than you actually have or earned.

8. The money that a government collects from its citizens to pay for things like roads and schools is called ____.

Answer: C) Revenue

Revenue is the total amount of money a government receives from taxes and other sources.

9. True or False: The government only spends money when there is an emergency like a flood.

Answer: B) False

Governments spend money every day on regular things like schools, mail delivery, and keeping the lights on in public buildings.

10. Imagine you are the President. If the country is going through a 'slow' economic time and people aren't buying much, which fiscal policy might help?

Answer: C) Spending money on new projects to create jobs

By spending money on projects, the government puts more money into the hands of workers, which encourages buying and helps the economy speed up.