

Name: _____ Date: _____

Middle School Debt and Deficits Fiscal Quiz

Public infrastructure, tax revenue, and surplus vs. deficit. These 10 questions help students analyze how government budgets impact community growth.

1. If a city government wants to build a new public library but doesn't have enough tax revenue saved up, which fiscal action are they most likely to take?

- A. Issue municipal bonds to borrow money
- B. Close all existing schools to save cash
- C. Wait fifty years until they have the gold
- D. Ask the United Nations for a personal loan

2. True or False: A budget surplus occurs when a government spends more money in a year than it collects in taxes.

- A. True
- B. False

3. When the government reduces taxes to encourage people to spend more money during a recession, they are using _____ fiscal policy.

- A. Contractionary
- B. Expansionary
- C. Regulatory
- D. Mandatory

4. Imagine the national economy is growing too fast and prices are rising quickly (inflation). Which move would a government most likely make to slow things down?

- A. Giving everyone a free \$500 gift card
- B. Building five new theme parks nationwide
- C. Decreasing government spending on projects
- D. Cutting income taxes for all citizens

5. True or False: Public goods, such as street lights and national parks, are usually funded through the collection of various taxes.

- A. True
- B. False

6. The total amount of money that a national government owes to lenders over many years is known as the national _____.

- A. Deficit
- B. Credit
- C. Debt

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D. Income

7. Which of these is a direct 'transfer payment' where the government gives money to individuals to support their well-being?

- A. Purchasing a new fighter jet
- B. Paying a judge's yearly salary
- C. Paving a highway in the desert
- D. Providing Social Security checks

8. True or False: If the government increases the tax on gasoline, it is likely trying to increase the total number of cars on the road.

- A. True
- B. False

9. What is the main difference between 'discretionary' spending and 'mandatory' spending in a government budget?

- A. Discretionary is for emergencies only
- B. Mandatory spending is required by law
- C. Discretionary spending is never taxed
- D. Mandatory spending only happens in winter

10. A tax that takes a larger percentage of income from high-income earners than from low-income earners is called a _____ tax.

- A. Regressive
- B. Flat
- C. Progressive
- D. Sales