

## Federal Budget Simulation Lesson Plan

**Topics:** Civic Education and Engagement; Persuasive Writing and Speaking

**Grade Level:** Grades 9-12

**Subject Areas:** Civics and US Government; Economics

**Time Required:** 3-4 hours. This lesson plan is designed for 4 to 5 class periods of 50 minutes. It can be adapted, however, to accommodate other schedules in either an in-person or virtual format.

### Goals/Rationale

In this simulation, students debate our nation’s priorities by establishing their own “simulated” federal budgets. After analyzing the proposed FY 2022 discretionary budget, students are asked to design a FY 2023 budget with a group of their peers. Through the simulation, students learn the importance of the budgeting process and that decisions concerning how our government spends its money form the basis of most national government policy.

This program can be adapted for a school-wide event, with teachers facilitating groups of 10-15 students in their budgeting sessions.

**Essential Questions:** What do you think the role of government should be in your life?

### Objectives

Students will:

- evaluate how money had been allocated in the proposed FY 2022 discretionary budget.
- consider the additional needs of our nation in FY 2023.
- discuss the programs and issues that they think are important and consider how much money should be allocated to those programs.
- discuss the pros and cons of deficit spending.
- design their FY 2023 discretionary budgets.
- present their rationales for their budgets to the larger group.

### Curriculum Standards

#### *Common Core State Standards*

- ELA College and Career Readiness Anchor Standards for Reading, Writing, Speaking and Listening, and Language
- ELA – Reading Informational Texts, Writing, Speaking and Listening, Language, and Literacy in History/Social Studies for grades 9-10 and 11-12

#### *C3 Framework for Social Studies State Standards*

- Discipline 1 - Developing questions and planning inquiries
- Discipline 2 - Applying disciplinary concepts and tools (Civics and Economics)
- Discipline 3 - Evaluating sources and using evidence; and
- Discipline 4 - Communicating conclusions and taking informed action

*National Council of Teachers of English: Standards 1, 3, 4, 5, 6*

*Massachusetts History and Social Science Framework*

- GOV.T1: Foundations of government in the United States
- GOV.T4: : Political parties, interest groups, media, and public policy
- ECON.T4: The role of government

*Massachusetts English Language Arts and Literacy Framework*

- Reading, Writing, Speaking and Listening, and Language

## **Materials**

Handouts:

- *Understanding the Federal Budget*
- *What Role Should the Government Play in the Economy?*
- *Rules of the Game*
- *Functional Areas with Budget Details*
- *National Defense Spending*
- *Special Interest Groups Requests*
- Tally Sheet

Additional Materials:

- Game Board (to be enlarged to 11” X 17”)
- 167 white poker chips and 10 red poker chips or [virtual game board](#)

## **Procedure**

1. For homework, have students read *Understanding the Federal Budget* and answer the reading comprehension questions.

### **Day One**

2. Discuss the reading in class and the process of federal budgeting.

3. For homework, have students read *What Role Should the Government Play in the Economy?* and ask them to provide a written response to the question “What is your view of the government’s role in the economy?”

### **Day Two**

4. Discuss the reading and their responses to the question. Highlight differences between discretionary and mandatory spending. (20 minutes)

5. Provide students with the *Rules of the Game* handout. Discuss the rules and explain that students will only be dealing with government spending, not taxes—and only with discretionary spending, not mandatory spending. Remind students that at the end of the group budgeting, they will need to be able to explain their budgets. (What programs were they eliminating by cutting a particular functional category? What programs were they enriching by adding to a particular functional category?) (30 minutes)

Have students review the materials for homework and ask them to be prepared to discuss and create their budgets the next day.

### **Day Three**

6. Divide students into groups of 5-6. Supply each group with:
  - (a) a game board and poker chips or virtual game board
  - (b) *Functional Areas with Budget Details* handout
  - (c) *National Defense Spending* handout
  - (d) *Special Interest Groups Requests*
  - (e) Tally Sheet
  
7. Ask students to consider first how the funds were allocated in President Biden's proposed FY 2022 budget. Do they agree with his priorities? What would they like to see changed? What categories/programs are important to them?
  
8. Ask students to read the *Special Interest Groups Requests* and consider whether or not it would influence their budgeting decisions.
  
9. Have students reconfigure the budget to represent their own priorities. As you monitor each group's progress, make sure they know that they will need to justify their budgeting decisions to the rest of the class. When they are finished, have them fill in the tally sheet and submit it to you. If students need more time to budget, you can have them continue their discussions the following day.

### **Day Four**

10. Share the budgets of all the groups with the class, and have students discuss their decisions.
  
11. For a follow-up to the students' budgeting, have them consider the following questions:
  - A. What programs did they choose to cut? Why did they choose to cut those programs over others?
    - (1) How will the program cuts they have made affect specific groups (elderly people, students, environmentalists, people with low incomes, foreign aid recipients, etc.)?
    - (2) Have them write a letter to the head of an organization whose funding will be cut and explain why they have cut the funding.
  
  - B. What programs did they choose to enrich? Why did they choose to enrich those programs over others?
    - (1) How will the programs they have enriched affect specific groups (elderly people, students, environmentalists, people with low incomes, foreign aid recipients, etc.)?
    - (2) Have them write a press release to be read by the president's press secretary, describing the reasons they have enriched these programs.
  
  - C. What are the tradeoffs they foresee in diminishing some programs while protecting or enriching others? What might be some of the political "fallout" of their decisions? How

might they address this “fallout”? Have students write a brief paper on these tradeoffs and respond to the potential political “fallout.”

D. Were there any arguments made by their classmates during the budgeting workshop that surprised them? Why?

## Sources

### [Analytical Perspectives, Budget of the United States Government, Fiscal Year 2022](#)

Most of the figures used for this budget simulation program were taken from the Outlays section of the Analytical Perspectives, Table 20-1 – *Budget Authority and Outlays by Function, Category and Program*.

### [Summary Tables, Budget of the United States Government, Fiscal Year 2022](#)

Some of the figures used in the “Understanding the Federal Budget” handout were taken from the Summary Tables in President Biden’s proposed 2022 budget (p. 40; Table S-4: *Proposed Budget by Category*).

## Other Valuable URLs

### [Policy Basics: Introduction to the Federal Budget Process](#)

The Center on Budget and Policy Priorities provides this introduction to the laws and procedures for the Congress to create a federal budget.

### [National Priorities Project](#)

This organization provides analyses of federal data “so people can prioritize and influence how their tax dollars are spent.” Their website includes a summary of the federal budget process: <https://www.nationalpriorities.org/budget-basics/federal-budget-101/federal-budget-process/>

### [The Concord Coalition](#)

This organization describes itself as “dedicated to educating the public about the causes and consequences of federal budget deficits, the long-term challenges facing America's unsustainable entitlement programs, and how to build a sound economy for future generations.”

### [America's Historical Struggle With Debt and Taxes](#)

This 10-minute video from the PBS *NewsHour* (2012), includes Paul Solman’s interview with Simon Johnson.

### ['Red Ink': Understanding Why the U.S. Has So Much Debt](#)

This is Paul Solman’s 2012 interview with *The Wall Street Journal's* David Wessel about his new book "Red Ink," a primer to the budget. It is dated, but interesting.

### [Bureau of the Public Debt](#)

This U.S. Department of the Treasury website includes a link to the most current calculation of the U.S. debt.

### [Foreign Assistance](#)

This government website provides maps and data that show how and where our foreign assistance dollars are spent.

# Understanding the Federal Budget <sup>1</sup>

“My dad used to have an expression: ‘Don’t tell me what you value. Show me your budget, and I’ll tell you what you value.’”<sup>2</sup>  
--Joe Biden in 2008, then a Senator from Delaware

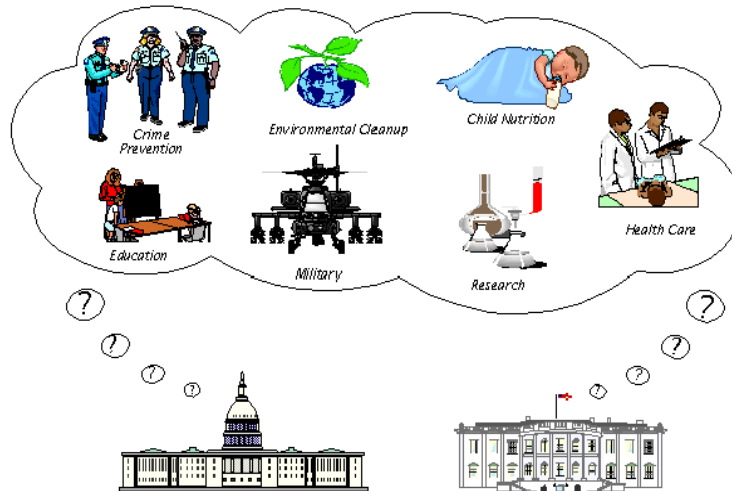
## 1. Introduction

One of the most important documents produced each year by the president and Congress is the federal budget. Through a lengthy process, government leaders determine how much money they expect the government to receive during each of the next several years, where it will come from, and how much to spend to reach their goals in areas such as national defense, foreign affairs, social insurance for the elderly, health insurance for the elderly and people with low incomes, law enforcement, education, transportation, science and technology.

You will be participating in a simulation in which you will be making decisions similar to those made every year by the government to determine next year’s federal discretionary budget.

The president and Congress decide how much spending they will finance through taxes, and debate how to use the budget to help the economy grow or to redistribute income. More recently, they have been debating how long we can sustain large budget deficits that many government leaders feel have been necessary to stimulate our economy. In this overview, we will discuss some of these decisions--that is, how the government raises revenues and where it spends money.

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Sources: *Taxes and Borrowing*

<sup>1</sup> Adapted from the Office of Management and Budget publications, *A Citizen’s Guide to the Federal Budget, FY 2001 and FY 2002*. Note that most numbers and dates have been adapted to reflect the 2022 fiscal year.

<sup>2</sup> <https://www.nytimes.com/2008/09/15/us/politics/15text-biden.html>

## 2. What Is the Budget?

The federal budget is:

- a plan for how the government spends taxpayers' money.

*What activities are funded? How much should we spend for defense, national parks, the FBI, Medicare, and meat and fish inspection?*

- a plan for how the government pays for its activities.

*How much revenue does it raise through different kinds of taxes--income taxes, excise taxes (taxes applied to various products, including alcohol, tobacco, transportation fuels and telephone services), and social insurance payroll taxes?*

- a plan for government borrowing or the repayment of borrowed funds.

*If revenues are greater than spending, the government runs a surplus. If expenses are greater than revenues (as is currently the case), the government runs a deficit.*

- something that affects the nation's economy.

*Some types of spending--such as improvements in education and support for science and technology--increase productivity and raise incomes in the future.*

*Taxes, on the other hand, reduce incomes, leaving people with less money to spend.*

- something that is affected by the nation's economy.

*When the economy is doing poorly, people are earning less and unemployment is high. In this atmosphere, revenues decrease and the deficit grows.*

- an historical record.

*The budget reports on how the government has spent money in the past, and how that spending was financed.*

The 2023 budget document embodies the president's budget proposal to Congress for fiscal year 2023, which begins on October 1, 2022. It reflects the president's priorities and proposes his initiative to meet our national and international needs.

The federal budget, of course, is not the only budget that affects the economy or the American people. The budgets of state and local governments have an impact as well. State and local governments are independent of the federal government, and they have their own sources of revenue (taxes and borrowing).

## Where the Money Comes From

The money that the federal government uses to pay its bills--its revenues or receipts--comes mostly from taxes. For FY (fiscal year) 2022, the Biden administration forecasted that the federal government would receive \$4.2 trillion in revenues.

Revenues come from these sources:

**Table 1. FY 2022 Estimated Federal Receipts**

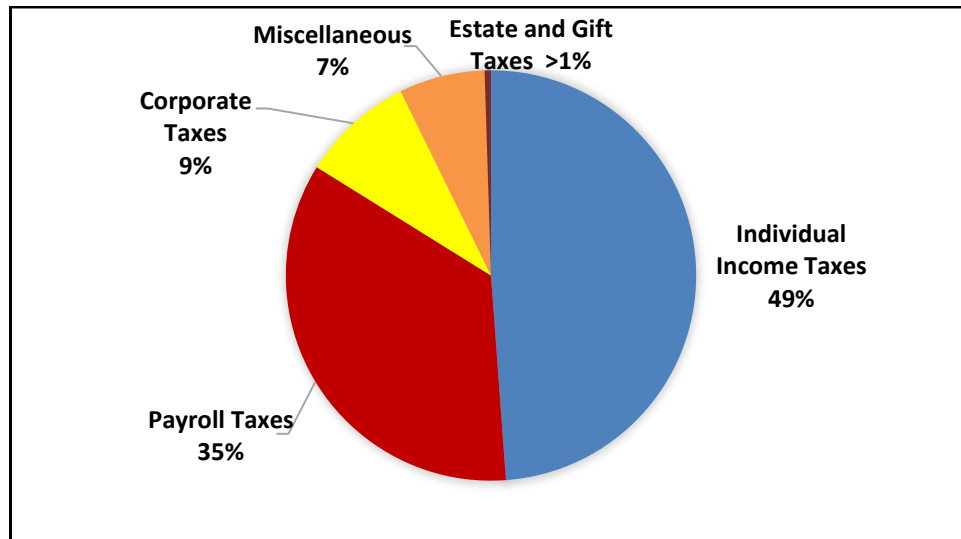
Source	Amount (Billions)	Percentage
Individual Income Taxes	2,039	49%
Payroll Taxes (Social Security, Medicare, Unemployment insurance, and other retirement)	1,462	35%
Corporate Taxes	371	9%
Miscellaneous*	282	7%
Estate and Gift Taxes	21	>1%
<b>Total Collected</b>	<b>4,174</b>	<b>100%</b>

[https://www.whitehouse.gov/wp-content/uploads/2021/05/budget\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/budget_fy22.pdf) (p. 40)

Summary Tables: Table S-4. Proposed Budget by Category

\* The government collects customs duties, excise taxes (taxes applied to various products, including alcohol, tobacco, transportation fuels and telephone services), and other miscellaneous revenues--e.g., Federal Reserve earnings, fines, penalties, and forfeitures.

**Chart 1. FY 2022 Estimated Federal Receipts**



## Spending

To better understand federal spending, let's look briefly at President Biden's proposed federal budget, in which the government projected it would spend approximately \$6.0 trillion. Federal spending is divided into **mandatory spending** which is required by law, and **discretionary spending** which is decided upon yearly by the president and Congress.

Discretionary spending is what the president and Congress must decide to spend for the next year through annual appropriations bills. It includes money for such activities as the FBI, housing, education, space exploration, highway construction, defense, and foreign aid. Discretionary spending for FY 2022 was estimated to account for approximately 28% of all federal spending in the budget.

Mandatory spending, which would account for approximately 72% of all FY 2022 spending, is authorized by permanent laws, not by the annual appropriations bills. It includes entitlements--such as Social Security, Medicare, Medicaid, and the Supplemental Nutrition Assistance Program (formerly known as the Food Stamp Program)--through which individuals receive benefits because of their age, income, or other criteria. It also includes interest on the national debt. The only way the president and Congress can change how much is spent in these accounts is to change the laws which dictate the amount of spending on these mandatory programs.

- The largest federal mandatory spending program is Social Security, which provides monthly benefits to over 60 million retired and disabled workers, their dependents, and survivors.<sup>3</sup> The government projected it will spend approximately \$1.2 trillion on this program, which would account for approximately 20% of all federal spending.
- Medicare provides health care coverage for over 60 million elderly Americans and people with disabilities.<sup>4</sup> The government projected it will spend \$766 billion on this program, approximately 13% of all federal spending.
- Medicaid provides health care services to millions of Americans, including people with low incomes, people with disabilities, and senior citizens in nursing homes. This program accounts for \$571 billion of the budget, approximately 9% of all federal spending.
- Other entitlements provide benefits to people and families with low incomes such as the Supplemental Nutrition Assistance Program (SNAP) and veterans' pensions. The remaining mandatory spending mainly consists of federal retirement and insurance programs, unemployment insurance, and payments to farmers. All these remaining mandatory spending items account for \$1.5 trillion, approximately 25% of all federal spending.
- Discretionary defense spending for FY 2022 (funding for the Pentagon, homeland and border security, etc.) was budgeted at approximately \$756 billion, comprising approximately 13% of all spending.

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<sup>3</sup> [https://www.ssa.gov/policy/docs/quickfacts/stat\\_snapshot/](https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/)

<sup>4</sup> <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/CMSProgramStatistics/Dashboard>



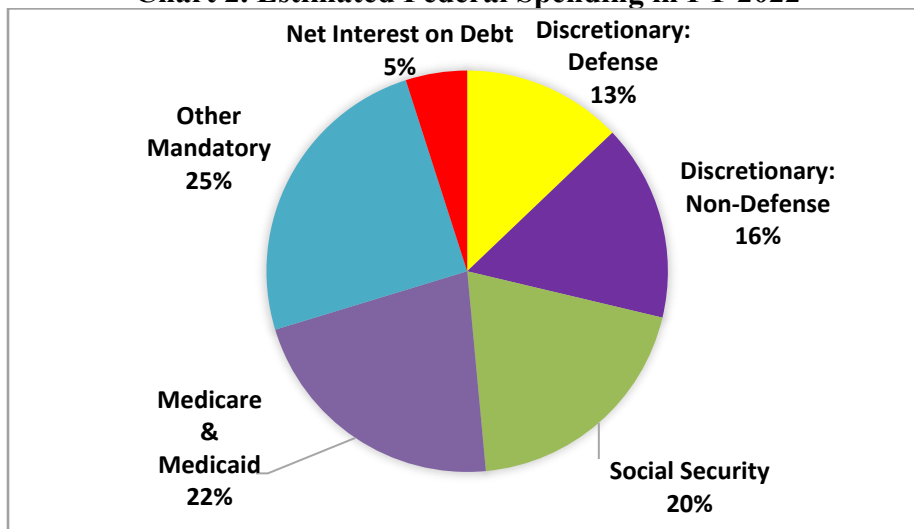
- Discretionary spending on programs not related to defense includes a wide array of initiatives such as education, training, science, technology, housing, transportation, and foreign aid, was budgeted at \$932 billion, and represents approximately 16% of the budget.
- Interest payments are payments made to pay back the interest on the federal debt. This accounts for \$305 billion or approximately 5% of the federal budget. As the government increases the size of its debt, the amount of interest that must be paid increases.

**Table 2. Estimated Federal Spending in FY 2022**

<b>Budget Item</b>	<b>Amount (Billions)</b>	<b>Percentage</b>
<b>Discretionary:</b>		
Defense	756	13%
Non-Defense	932	16%
<b>Mandatory:</b>		
Social Security	1,196	20%
Medicare & Medicaid	1,337	22%
Other Mandatory	1,486	25%
Net Interest on Debt	305	5%
<b>Total</b>	<b>6,011</b>	<b>100%</b>

[https://www.whitehouse.gov/wp-content/uploads/2021/05/budget\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/budget_fy22.pdf) (p. 40)  
Summary Tables: Table S-4. Proposed Budget by Category

**Chart 2. Estimated Federal Spending in FY 2022**



### 3. How Does the Government Create a Budget?

The president and Congress both play major roles in developing the federal budget.

#### The President's Budget

The law requires that by the first Monday in February, the president submit to Congress his/her/their proposed federal budget for the next fiscal year, which begins October 1. For the FY 2023 budget, President Biden did not meet the deadline of February 7, 2022. There have many instances in past years when presidents have not submitted their budgets by the deadline.

The White House's Office of Management and Budget (OMB) prepares the budget proposal after receiving direction from the president and consulting with his senior advisors and officials from Cabinet departments and other agencies. The president's budget is thousands of pages long and provides an abundance of details.

#### The Budget Process

Through the budget process, the president and Congress decide how much to spend and tax in any one fiscal year. The president's budget is his plan for the next year. But it's just a proposal. After receiving it, Congress has its own budget process to follow. *Only after the Congress passes and the president signs the spending bills has the government created its actual budget.*

For fiscal year 2023--that is, October 1, 2022 to September 30, 2023--the major steps in the budget process are outlined in Table 3 below.

**Table 3. Major Steps in the Budget Process**

Formulation of the president's budget for 2023	Executive Branch agencies develop requests for funds and submit them to the Office of Management and Budget (OMB). The president reviews the requests and decides what to include in his budget.	February 2021 – January 2022
Budget preparation and submission	The budget documents are completed by the OMB and sent to Congress.	January 2022 – February 2022
State of the Union Address	The president speaks to the country about his priorities for the year ahead.	March 1, 2022
Congressional action	Congress reviews the president's budget, develops its own, and eventually approves spending and revenue bills.	March 2022– September 2023 (see footnote #5 on the next page.)

President's final approval	President signs spending and revenue bills to make them law.	Late September 2022 <sup>5</sup>
Fiscal year begins		October 1, 2022
Budget implemented	Agency program managers begin to spend (and raise) the money approved by the Congress and the president.	October 1, 2022 through September 30, 2023

### **Action in Congress**

Congress first passes a "budget resolution"--a framework within which the Members will make their decisions about spending and taxes. It includes targets for total spending, total revenues, the surplus or deficit, and allocations within the spending target for the two types of spending--discretionary and mandatory.

In the simulation in which you will be participating, you will only be examining the discretionary programs that are part of the federal budget. It is these programs that the president and Congress must act upon each year.

Once Congress passes the budget resolution, it turns its attention to passing the annual appropriations bills – ideally by the end of September. Congress begins by examining the president's budget in detail. Scores of committees and subcommittees hold hearings on proposals under their jurisdiction. The president's budget director, cabinet officers, and other administration officials work with Congress as it accepts some of the president's proposals, rejects others, and changes still others. Congressional rules require that these committees and subcommittees take actions that reflect the budget resolution.

For the past several years, the annual appropriations bills have not been passed by the beginning of the fiscal year and most government activities were funded through "continuing resolutions" which keep funding no higher than the levels of the previous fiscal year until the current budget is passed.

### **Monitoring the Budget**

Once the president and Congress approve spending, a number of government agencies oversee the budget in order to ensure that programs are well managed, are achieving the intended results and are operating consistently within legal requirements.

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<sup>5</sup> It has been many years since Congress and the president have been able to finalize the federal budget before the beginning of the fiscal year. In December 2018-January 2019, the government was shut down for 35 days because neither a budget nor a continuing resolution had been passed to keep the government funded.

## 4. President Biden's Proposed FY 2022 Budget

President Biden submitted his proposed FY 2022 budget in May 2021. In his proposed budget, the president included mandatory spending for his priorities on infrastructure and social programs. This proposed spending was part of the bills he hoped to sign into law during his first year in office: the American Infrastructure and Jobs Act (also known as the Bipartisan Infrastructure Bill) which was signed into law on November 15, 2021, as well as the Build Back Better legislation which has not yet been passed by both houses of Congress.

## 5. Federal Budget Deficits

The federal government has run a deficit for 46 out of the last 50 years.<sup>6</sup> The size of the deficit is determined by the amount of revenues the government collects through taxes and the amount of money it spends.

There are different economic arguments about whether running a large deficit is a good idea or not. An increase in borrowing and spending can be seen as a necessary response to a weak economy—for example, after the COVID-19 pandemic devastated global economies, the federal government allocated money to stimulate the US economy. Many economists have argued the necessity of increased government spending as an investment to help our economy grow. You might think of it as the way a family takes out a mortgage to buy a house. Most people think taking out a mortgage is a good idea and an investment in a family's future. Credit card debt, on the other hand, is something that most families try to avoid as they end up spending needlessly on the high interest on these accounts.

Deficits may be common, and may be necessary during difficult economic times, but many government leaders have been concerned about how long significant deficits can be sustained, and what can be done to lower them in the future. After the 2007-2008 global financial crisis and the stimulus spending required to alleviate the US economic downturn, the federal deficits for FY 2009 and FY 2010 increased significantly from previous years (see Chart 4). In response to the increased deficits, during FY 2011, Congress and President Obama signed legislation to lower deficits in future years. The Budget Control Act of 2011 which remained in effect for 10 years (until FY 2021) required that all non-emergency discretionary spending be kept within specific limits, requiring legislative amendments to increase spending beyond the strict spending caps noted in the law.

The recent high deficits have largely been due to COVID-related spending and tax relief for individuals and businesses that have suffered during the pandemic as well as tax cuts established in 2017 which significantly cut taxes for corporations, high-income earners and many middle-class families.<sup>7</sup> The deficit for FY 2021 was \$2.8 trillion, slightly down from the record-setting deficit of \$3.1 trillion for FY 2020.

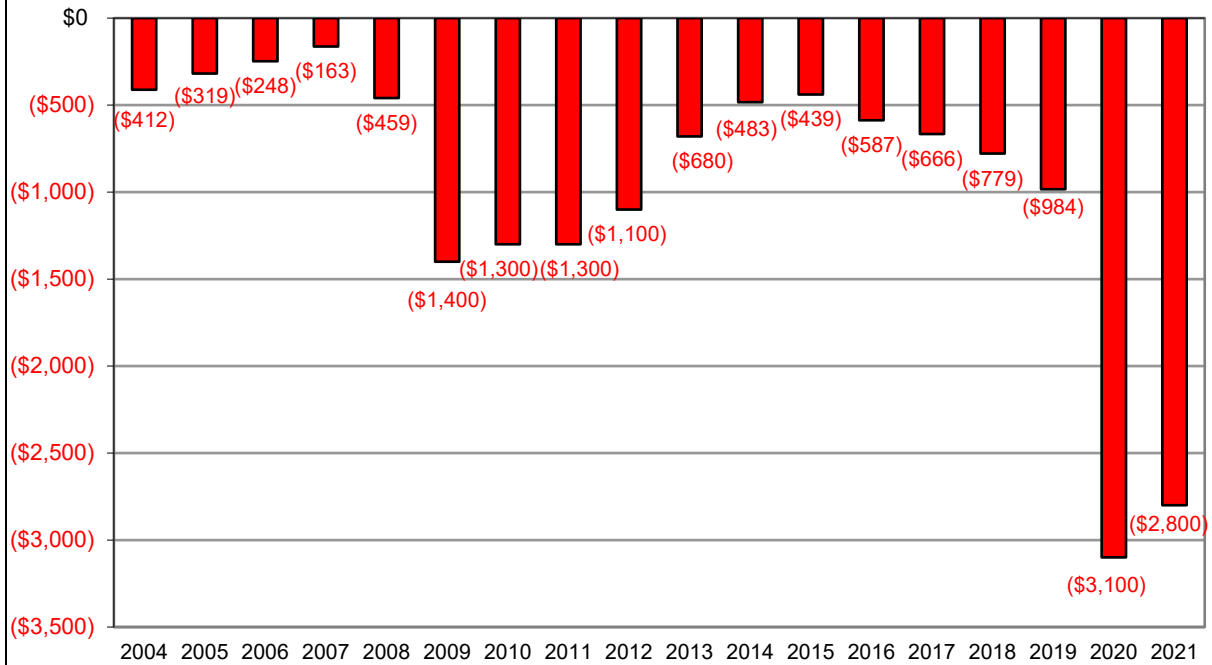
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<sup>6</sup> <https://www.whitehouse.gov/omb/historical-tables/> (Table 1.1)

<sup>7</sup> <https://www.businessinsider.com/stimulus-package-pandemic-surpass-great-recession-fiscal-plans-recovery-2021-3>

### Chart 4: The Federal Deficit

Dollar Amount in Billions



Source: Congressional Budget Office

## **Glossary**

### **Appropriation**

An appropriation is an act of Congress that enables federal agencies to spend money for specific purposes.

### **Balanced Budget**

A balanced budget occurs when total revenues equal total outlays for a fiscal year.

### **Bipartisan**

Relating to the agreement or cooperation of two political parties that normally oppose each other.

### **Budget Resolution**

The budget resolution is the annual framework within which Congress makes its decisions about spending and taxes. This framework includes targets for total spending, total revenues, and the deficit, as well as allocations, within the spending target, for discretionary and mandatory spending.

### **Continuing Resolution**

Legislation used by Congress to fund the government if appropriations have not been signed into law by the beginning of the fiscal year.

### **Debt**

See “National Debt.”

### **Debt Ceiling**

Enacted in 1917, this law limits the amount of money the United States can borrow.

### **Deficit**

The deficit is the difference produced when spending exceeds revenues in a fiscal year.

### **Deficit Spending**

Deficit spending occurs when the government’s revenues do not cover the cost of all its spending and it borrows money to finance its programs, using that borrowed money to pay for items in the budget.

### **Discretionary Spending**

Discretionary spending is what the president and Congress must decide to spend for the next fiscal year through annual appropriations bills. Examples include money for such programs as the FBI, the Coast Guard, housing, education, space exploration, highway construction, defense, and foreign aid.

### **Entitlement**

An entitlement is a program that legally obligates the federal government to make payments to any person who meets the legal criteria for eligibility. Examples include Social Security, Medicare, and Medicaid.

**Excise Taxes**

Excise taxes apply to various products, including alcohol, tobacco, transportation fuels, and telephone service.

**Fiscal Year**

The fiscal year is the government's accounting period. It begins October 1 and ends on September 30. For example, fiscal year 2023 ends September 30, 2023.

**Gross Domestic Product (GDP)**

GDP is the standard measurement of the size of the economy. It is the total production of goods and services within the United States.

**Mandatory Spending (Non-discretionary Spending)**

Mandatory spending (also called non-discretionary spending) is authorized by permanent law. An example is Social Security. The president and Congress can change the law to change the level of spending on mandatory programs—but they don't have to do so.

**National Debt**

When revenues do not cover the costs of government spending, the government borrows money to finance this deficit. The total it has borrowed over the years, but not repaid, is the national debt.

**OMB**

Part of the Executive Office, the Office of Management and Budget assists the president in the development and implementation of the federal budget.

**Revenue**

Revenues include the collections that result from government activity, such as taxes. They do not include collections that result from the government's business-like activities, such as the entrance fees at national parks. Business-like collections are subtracted from total spending to calculate outlays for the year.

**Social Insurance Payroll Taxes**

This tax category includes Social Security taxes, Medicare taxes, unemployment insurance taxes, and federal employee retirement payments.

**Surplus**

A surplus is the amount by which revenues exceed outlays.

## ***Understanding the Federal Budget Review Questions***

*Please answer the following questions (use back of this page if necessary).*

1. When the president and Congress begin to create a budget for the coming year, they must make some key determinations. What are the three things they must determine?
  - 1.
  - 2.
  - 3.
2. What is it called when the government spends more money than it brings in?
3. Where do most federal government dollars come from? (What is the federal government's primary source of funds?)
4. Explain the difference between mandatory and discretionary spending? Provide an example of each kind of spending.
5. What program accounts for more federal spending than any other? Describe this program.
6. On what day is the president's budget usually submitted to Congress for its approval?
7. What has to happen, and who has to agree, for the FY 2023 budget to finally become law?
8. Explain how deficit spending can be helpful and/or harmful.



## WHAT ROLE SHOULD THE GOVERNMENT PLAY IN THE ECONOMY?

From the National Council on Economic Education, New York, NY  
Civics and Government: Focus on Economics, Unit II, Lesson 4  
(accessed at: <http://ecedweb.unomaha.edu/lessons/fecgF.htm>)

Although it is generally agreed that there is a role for the government in our national economy, there is considerable disagreement over what areas the government should be responsible for and how far the government should go in these areas. Some people feel that "big government" is a problem, and that the government is doing too much. Others believe that the government sector of the economy is being starved and that government should be allowed to do more. What the appropriate role is for government is a basic question, and one that involves a great deal more than economics.

### Conservative View

Conservatives believe that the government's role should be severely limited. They feel that economic and political freedom is likely to be undermined by excessive reliance on government. Moreover, they tend to question the government's ability to solve social and economic problems. They believe that faith in the government's power to solve these problems is unreasonable. They point to the slowness of the government bureaucracy, the difficulty in controlling huge government organizations, the problems political considerations can breed, and the difficulties in telling whether government programs are successful or not. On the basis of these considerations, they argue that the government's role should be carefully limited.

### Liberal View

While conservatives question the government's ability to solve important social and economic problems, liberals, on the other hand, question the market's ability to solve these problems. They point to the important limitations of the market system, and they claim that the government can do a great deal to overcome these limitations. Government can regulate private economic activity. It can also provide goods and services that the private businesses produce too little of. Liberals tend to be less concerned than conservatives about the effects on personal freedom of greater governmental intervention in the economy.

*Adapted from: Edwin Mansfield and Nariman Behravesh. Economics USA, New York: W.W. Norton, 1992, pp. 592-594.*

#### Question to consider:

1. What is your view of the government's role in the economy? Do you think the government does more harm or more good in our society? Ask a parent or teacher what their views are on this important question.

## Rules of the Game

### Introduction

One of the main areas of debate in Washington involves the federal budget. When the president and Congress make decisions concerning the budget, in essence they are setting priorities for our country. Where should we be investing tax dollars? Which programs should be cut? Which programs should be expanded? Should there be a tax cut and/or a tax increase? Is it okay to continue to run a large deficit?

Here is the challenge. After analyzing the fiscal year (FY) 2022 budget that President Biden proposed last year, you must design a FY 2023 budget with a group of your peers.

You must set the priorities for your administration by looking at the current list of programs and proposed spending and deciding how much to invest in each category

Please note that government spending on some programs is fixed by laws and, therefore, cannot be manipulated in the budgeting process. These programs are part of the *mandatory* budget. The two main programs which are *mandatory* in the federal budget are Social Security (1.2 trillion dollars—approximately 20% of the total spending) and Medicare (healthcare for the elderly—766 billion dollars—13% of the total spending). The net interest on the national debt is estimated at \$305 billion dollars—5% of total spending. Mandatory spending for the proposed FY 2022 budget made up approximately 72% of the total budget.

You will be budgeting for the main programs in the *discretionary* budget for the FY 2023 budget. After you have prepared your budgets in your small group sessions, you will join with the rest of the students to explain the reasoning behind your budgets.

### Let's Begin!

The rules of this simulation are fairly simple. You have 167 white chips that had been allocated in President Biden's proposed FY 2022 federal budget to 14 discretionary spending programs—noted on your worksheet. Each chip represents approximately \$10 billion. You have also been given 10 red chips (additional deficit spending) that are not allocated to any category. You should work with your group to consider how you might reconfigure the chips in the FY 2022 budget based on your group's discussions of its priorities and values.

The following are 14 major spending categories with some of the associated functions noted below:

#### 1. National Defense

**\$755.9 billion in discretionary spending. (76 chips will maintain current level.)**

- The raising, equipping, and maintaining of armed forces
- Development and utilization of weapons systems (including nuclear weapons), and related programs
- Operations and maintenance of military facilities
- Direct compensation and benefits paid to active military and civilian personnel
- Health insurance and life insurance for military personnel

- Military construction, family housing
- Research, development, testing, and evaluation of new technology and weaponry

## **2. Education, Training, Employment, and Social Services**

**\$154.3 billion in discretionary spending. (15 chips will maintain current level.)**

- Elementary, Secondary & Vocational education (including funding for public schools in low-income neighborhoods and for special education)
- Loans, scholarships, and stipends for students to participate in education
- Retraining adults for new vocations and employment counseling
- Children and families services programs (including programs that help individuals with physical or mental disabilities to obtain employment and live more independently)

## **3. Health**

**\$129.0 billion in discretionary spending. (13 chips will maintain current level.)**

- Research into the causes and cures of diseases
- Public Health Services Emergency Fund
- Substance abuse and mental health services
- Financing specialized programs for training health workers and researchers
- Promotion of consumer and occupational health safety (which includes food safety and inspection against harmful bacteria and bioterrorism)
- Health care to low income, uninsured, vulnerable people who need government support when they become ill
- Funding for the Food and Drug Administration which assures the safety, effectiveness, and security of medications and medical devices

## **4. Transportation**

**\$121.8 billion in discretionary spending. (12 chips will maintain current level.)**

- Highways
- Mass transit and railroads
- Air and water transportation (including air traffic control)

## **5. Veterans Benefits and Services**

**\$113.0 billion in discretionary spending. (11 chips will maintain current level.)**

- Medical facilities, medical research, and medical care of veterans
- Departmental administration

## **6. Income Security**

**\$95.9 billion in discretionary spending. (10 chips will maintain current level.)**

- Housing assistance for people with low and moderate incomes
- Special supplemental food program for women, infants and children (WIC)
- Low income home energy assistance

## **7. Administration of Justice**

**\$69.3 billion in discretionary spending. (7 chips will maintain current level.)**

- Federal law enforcement and judicial activities, including border and transportation security activities

- Federal correctional activities (incarceration of people convicted of federal crimes)
- Grants to state and local governments to assist them in operating and improving their law enforcement and justice systems

## **8. International Affairs**

**\$61.2 billion in discretionary spending. (6 chips will maintain current level.)**

- Foreign diplomacy (embassies and ambassadors)
- Contributions to International Organizations & Peacekeeping (including support for the UN)
- Economic and military aid to countries that are friendly to us
- Humanitarian aid to countries that need assistance

## **9. Natural Resources and the Environment**

**\$45.4 billion in discretionary spending. (5 chips will maintain current level.)**

- Promotion of conservation
- Controlling and reducing air, water, and land pollution
- Development and maintenance of recreational resources such as national parks
- Work to clean up previously polluted sites, restore them to uses appropriate for surrounding communities, and respond to and prevent waste-related or industrial accident

## **10. Community and Regional Development**

**\$43.5 billion in discretionary spending. (4 chips will maintain current level.)**

- Urban community and economic development programs, such as those providing money for the revitalization of public housing, or money to build affordable housing
- Disaster relief and insurance
- Grants and loans for water supply and sewer systems
- Regional economic development programs
- Aids to businesses such as loans and loan guarantees

## **11. General Science, Space, and Technology**

**\$40.0 billion in discretionary spending. (4 chips will maintain current level.)**

- America's space program
- Grants for cutting-edge discoveries in science and engineering

## **12. General Government**

**\$24.2 billion in discretionary spending. (2 chips will maintain current level.)**

- Costs for administering the Internal Revenue Service (IRS)
- Costs for Congress and the Executive Office of the President

## **13. Agriculture**

**\$12.2 billion in discretionary spending. (1 chip will maintain current level.)**

- Agricultural research and education programs
- Animal and plant inspection programs

## 14. Energy

### **\$9.2 billion in discretionary spending. (1 chip will maintain current level.)**

- Funding for alternative fuel research and development
- Nuclear waste disposal of commercial (non-Defense) spent nuclear fuels
- Strategic Petroleum Reserve, which provides emergency oil supply in the event of a severe disruption of supply
- Funding for energy efficiency and renewable energy
- Fossil energy (oil, coal and natural gas) programs—for example, R&D for coal uses

## President Biden's Proposed 2022 Budget

**Each chip equals approximately 10 billion dollars.**

<b>Function</b>	<b>2022 estimated total spending</b>	<b>2022 estimated discretionary spending</b>	<b># of chips in 2022</b>	<b># of chips in 2023</b>
<b>1. National Defense</b>	770.6	755.9	<b>76</b>	
<b>Non-Defense Spending Categories:</b>				
<b>2. Education, Training, Employment &amp; Social Services</b>	247.0	154.3	<b>15</b>	
<b>3. Health</b>	862.5	129.0	<b>13</b>	
<b>4. Transportation</b>	148.6	121.8	<b>12</b>	
<b>5. Veterans Benefits and Services</b>	290.4	113.0	<b>11</b>	
<b>6. Income Security</b>	983.9	95.9	<b>10</b>	
<b>7. Administration of Justice</b>	74.6	69.3	<b>7</b>	
<b>8. International Affairs*</b>	59.0	61.2	<b>6</b>	
<b>9. Natural Resources and Environment</b>	69.2	45.4	<b>5</b>	
<b>10. Community &amp; Regional Development</b>	72.0	43.5	<b>4</b>	
<b>11. General Science, Space &amp; Technology</b>	41.7	40.0	<b>4</b>	
<b>12. General Government</b>	111.1	24.2	<b>2</b>	
<b>13. Agriculture</b>	32.5	12.2	<b>1</b>	
<b>14. Energy</b>	19.3	9.2	<b>1</b>	
<b>Total Non-Defense Chips</b>	<b>3011.8</b>	<b>919.0</b>	<b>91</b>	

\*The total spending is less than the discretionary spending because the total number includes revenues

## ***Setting National Priorities: A Federal Budget Simulation***

### **Functional Areas with Budget Details**

See also: <https://budget.house.gov/budgets/budget-functions#750>

The text in italics is the information that students have been given in their “Rules of the Game” handout.

#### ***1. National Defense***

***\$755.9 billion in discretionary spending. (76 chips will maintain current level.)***

- *The raising, equipping, and maintaining of armed forces*
- *Development and utilization of weapons systems (including nuclear weapons), and related programs*
- *Operations and maintenance of military facilities*
- *Direct compensation and benefits paid to active military and civilian personnel*
- *Health insurance and life insurance for military personnel*
- *Military construction, family housing*
- *Research, development, testing, and evaluation of new technology and weaponry*

This functional area includes all programs related to the common defense and security of the United States. Some points to consider:

- Many people believe that national security is a government’s first priority.
- Military spending creates jobs. The Department of Defense is one of the nation’s largest employers, with 2.91 million service members and civilians<sup>8</sup> (Walmart employs about 1.6 million workers in the US.)<sup>9</sup>
- The U.S. spends about as much on its military as the next top 11 nations combined.<sup>10</sup>
- The FY 2022 budget request for intelligence agencies consisting of the CIA and other agencies reporting to the Director of National Intelligence was \$62.3 billion. An additional \$23.3 billion was requested for military intelligence.<sup>11</sup>
- The Defense Department manages an inventory of installations and facilities to keep Americans safe with more than 4,800 defense sites in more than 160 countries on all seven continents.<sup>12</sup>

#### ***2. Education, Training, Employment, and Social Services***

***\$154.3 billion in discretionary spending. (15 chips will maintain current level.)***

- *Elementary, Secondary & Vocational education (including funding for public schools in low-income neighborhoods and for special education)*
- *Loans, scholarships and stipends for students to participate in education*
- *Retraining adults for new vocations and employment counseling*
- *Children and families services programs (including programs that help individuals with physical or mental disabilities to obtain employment and live more independently)*

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<sup>8</sup> <https://www.defense.gov/Our-Story/>

<sup>9</sup> <http://corporate.walmart.com/newsroom/company-facts>

<sup>10</sup> [https://www.pgpf.org/chart-archive/0053\\_defense-comparison](https://www.pgpf.org/chart-archive/0053_defense-comparison)

<sup>11</sup> <https://www.dni.gov/index.php/what-we-do/ic-budget>

<sup>12</sup> <https://www.defense.gov/Our-Story/>

This functional area includes funding for the entire Department of Education, social services programs within the Department of Health and Human Services, and employment and training programs within the Department of Labor. Some points to consider:

- **Approximately 78% of the FY 2022 money budgeted for discretionary spending in this category was allocated to K-12 and higher education programs (approximately \$120.6 billion).**<sup>13</sup>
- Education is mostly funded by state and local governments (Massachusetts spends approximately 18% of its state budget on education --\$8.7 billion of its \$48 billion total budget)<sup>14</sup>, however, the federal government spends money on education for the disadvantaged (approx. \$17.6 billion) and special education (approx. \$14.2 billion).<sup>15</sup> President Biden proposed spending approximately \$25 billion of discretionary spending for Pell grants. (\$10 billion for Pell grants are in the mandatory spending category.)<sup>16</sup> Pell provides aid for college to approximately 7.3 million students from families with low and moderate incomes.<sup>17</sup>
- President Biden requested \$7.3 billion in discretionary funding for training and employment services.<sup>18</sup>
- Biden requested \$20 billion in social services including rehabilitation services, children and family service programs and aging services programs.<sup>19</sup>
- Some conservatives believe that funding and control of education should be left to the states and would like to eliminate the U.S. Department of Education.

### 3. *Health*

***\$129.0 billion in discretionary spending. (13 chips will maintain current level.)***

- *Research into the causes and cures of diseases*
- *Public Health Services Emergency Fund*
- *Substance abuse and mental health services*
- *Financing specialized programs for training health workers and researchers*
- *Promotion of consumer and occupational health safety (which includes food safety and inspection against harmful bacteria and bioterrorism)*
- *Health care to low income, uninsured, vulnerable people who need government support when they become ill*
- *Funding for the Food and Drug Administration which assures the safety, effectiveness, and security of medications and medical devices*

Health covers the physical and mental health of the nation's population, including the prevention of illness and accidents. **Funding for the National Institutes of Health (NIH) represents about 34% (\$44.3 billion) of discretionary funding for health.**<sup>20</sup> Medicare and Medicaid are

<sup>13</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>14</sup> <https://budget.digital.mass.gov/summary/fy22/enacted>

<sup>15</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>16</sup> Ibid.

<sup>17</sup> <https://crsreports.congress.gov/product/pdf/R/R45418>

<sup>18</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>19</sup> Ibid.

<sup>20</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)



mandatory programs, and, therefore, not part of today's budgeting. Discretionary programs in this category include most direct health care services programs. Some points to consider:

- The goal of the National Institute of Health (NIH) is to acquire new knowledge to help prevent, detect, diagnose, and treat disease and disability, from the rarest genetic disorder to the common cold.
- President Biden allocated \$42.8 billion to a Public Health and Social Services Emergency Fund. The fund "supports the United States' ability to prepare for, respond to, and recover from the consequences of a wide range of natural and man-made medical and public health security threats"<sup>21</sup>
- Biden's request for the National Cancer Institute (the part of NIH that deals with cancer research and training) was approximately \$6.7 billion.<sup>22</sup>
- Biden's FY 2022 NIH request for research into domestic HIV/AIDS was approximately \$2.5 billion.<sup>23</sup>
- Funding for Substance Abuse and Mental Health services was estimated at approximately \$8.9 billion.<sup>24</sup>
- The Health Resources and Services Administration is charged with increasing access to health care for those who are medically underserved. HRSA's programmatic portfolio includes a range of programs or initiatives designed to increase access to care, improve quality, and safeguard the health and well-being of the nation's most vulnerable populations. The president requested \$6.4 billion for its FY 2022 budget.<sup>25</sup>
- Biden requested approximately \$3.7 billion in funding for the Food and Drug Administration (FDA) for FY 2022.<sup>26</sup> Biden requested \$6.4 billion in funding for the Centers for Disease Control and Prevention.<sup>27</sup> (Note: this is separate from NIH funding.) The CDC "conducts critical science and provides health information that protects our nation against expensive and dangerous health threats, and responds when these arise."<sup>28</sup>
- Biden's FY 2022 request for the Consumer Product Safety Commission's was approximately **\$162 million** (not billion).<sup>29</sup>

#### 4. *Transportation*

*\$121.8 billion in discretionary spending. (12 chips will maintain current level.)*

- *Highways*
- *Mass transit and railroads*
- *Air and water transportation (including air traffic control)*

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<sup>21</sup> <https://www.hhs.gov/sites/default/files/fy-2022-phssecf-cj.pdf>

<sup>22</sup> <https://www.hhs.gov/sites/default/files/fy-2022-budget-in-brief.pdf>

<sup>23</sup> <https://www.kff.org/hiv/aids/issue-brief/domestic-hiv-funding-in-the-white-house-fy2021-budget-request/#:~:text=NIH%20%E2%80%93%20Domestic%20HIV%20Research&text=In%20the%20FY%202021%20budget,the%20President's%20FY%202020%20request.>

<sup>24</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> <https://www.cdc.gov/about/organization/cio.htm>

<sup>29</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

This functional area includes all programs that provide for the transportation of the general public. Some points to consider:

- Transportation, including the ownership and operation of vehicles and expenses for public transit, is one of the largest expense categories for most American households.
- These were President Biden’s discretionary allocations for ground transportation:
  - Highways: \$54.7 billion
  - Mass Transit: \$21.9 billion
  - Railroads: \$3.5 billion
- He allocated \$28.6 billion in discretionary spending for air transportation (FAA, security, air traffic controllers) and \$11.4 billion for water transportation.<sup>30</sup> Federal spending for water transportation includes some of the costs associated with maintaining harbors and navigation channels and equipment used to support sea-borne traffic (such as Coast Guard vessels).<sup>31</sup>
- We need to continue funding highway, bridge, transit and safety programs in order to maintain our economy. When a bridge starts crumbling and cars and trucks have to be diverted, that costs our economy in time, gas and money.
- Efficient transportation of goods (such as the transportation that gets food into our grocery stores) represents an important aspect of a strong economy.

## ***5. Veterans Benefits and Services***

***\$113.0 billion in discretionary spending. (11 chips will maintain current level.)***

- *Medical facilities, medical research, and medical care of veterans*
- *Departmental administration*

This functional area consists of programs providing benefits and services, the eligibility for which is related to prior military service but the financing of which is not an integral part of the costs of national defense. Some points to consider:

- There are approximately 19 million US veterans.<sup>32</sup> For Biden’s proposed FY 2022 budget, 91% of funding in this category (\$102.9 billion) was allocated towards hospital and medical care of veterans.<sup>33</sup> As more veterans choose to use the Department of Veterans Affairs (VA) as their primary care provider, the strain on the system continues to grow.
- “The Veterans Health Administration is the largest integrated health care system in the United States, providing care at 1,243 health care facilities, including 170 VA Medical Centers and 1,063 outpatient sites of care of varying complexity (VHA outpatient clinics), serving more than 9 million enrolled Veterans each year.”<sup>34</sup>

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<sup>30</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>31</sup> <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49910-infrastructure.pdf>

<sup>32</sup> <https://www.pewresearch.org/fact-tank/2021/04/05/the-changing-face-of-americas-veteran-population/>

<sup>33</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>34</sup> <https://www.va.gov/health/findcare.asp>

- President Biden allocated \$9.1 billion for Departmental administration.<sup>35</sup>
- How much should we pay in benefits for spouses and children of veterans?

## 6. *Income Security*

### *\$95.9 billion in discretionary spending. (10 chips will maintain current level.)*

- *Housing assistance for people with low and moderate incomes*
- *Special supplemental food program for women, infants and children (WIC)*
- *Low income home energy assistance*

This functional area consists of a range of income security programs that provide cash or near-cash assistance (e.g., housing, food, and energy assistance) to low-income persons, and benefits to certain retirees, persons with disabilities, and the unemployed. **Housing assistance programs account for 67% of discretionary spending (\$64.0 billion) in this function.**<sup>36</sup> Some points to consider:

- For FY 2022, President Biden requested \$64.0 billion for low and moderate-income housing assistance as well as homeless assistance.
- Housing vouchers “help more than 2 million low-income households afford decent, stable housing, usually by helping them rent a modest unit of their choice in the private market. The family pays about 30 percent of its income for rent and utilities, a widely used standard for the amount a household can reasonably be expected to pay for housing. And the voucher covers the rest, up to a cap based on [the government’s] estimates of typical market rents in the local area.”<sup>37</sup>
- The Boston Housing Authority has a long waiting list of 1-5 years,<sup>38</sup> “exposing many to homelessness, overcrowding, eviction, and other hardship while they wait.”<sup>39</sup>
- President Biden requested \$5.9 billion for special supplemental food programs for women, infants, and children (WIC).<sup>40</sup>
- He requested \$3.8 billion for low income home energy assistance.<sup>41</sup>
- He requested \$9.2 billion for child care and development block grants<sup>42</sup> that assist low-income families so parents can work or participate in education or training.<sup>43</sup>
- Subsidized housing for Americans with low incomes is particularly important in urban areas such as Boston where rents are too high to be affordable for people with lower incomes.

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<sup>35</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>36</sup> Ibid.

<sup>37</sup> <https://www.cbpp.org/research/housing/more-housing-vouchers-most-important-step-to-help-more-people-afford-stable-homes>

<sup>38</sup> <https://eligibility.com/section-8/massachusetts-ma-section-8-benefits#:~:text=The%20Boston%20Housing%20Authority%20receives,one%20year%20to%20five%20years.>

<sup>39</sup> <https://www.cbpp.org/research/housing/families-wait-years-for-housing-vouchers-due-to-inadequate-funding>

<sup>40</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> <https://www.everycrsreport.com/reports/RL30785.html>

## 7. *Administration of Justice*

### **69.3 billion in discretionary spending. (7 chips will maintain current level.)**

- *Federal law enforcement and judicial activities, including border and transportation security activities*
- *Federal correctional activities (incarceration of people convicted of federal crimes)*
- *Grants to state and local governments to assist them in operating and improving their law enforcement and justice systems*

This functional area includes those programs designed to provide judicial services, police protection, law enforcement (including civil rights), rehabilitation, and incarceration of criminals, and promotion of the general maintenance of domestic order. This area includes the FBI, Immigration and Naturalization Services (now part of the Department of Homeland Security), Drug Enforcement Agency (DEA), Bureau of Prisons (BOP), U.S. Attorneys, and the U.S. Marshals Service (USMS). Some points to consider:

- President Biden requested \$7.6 billion to fund criminal investigations by agencies such as the FBI, DEA (Drug Enforcement Agency), and DHS (Department of Homeland Security).<sup>44</sup>
- Biden requested \$16.6 billion for federal litigative and judicial activities—including prosecution and representation of alleged criminals.<sup>45</sup>
- At present, there are approximately 157,477 total federal inmates in prison,<sup>46</sup> most of whom were convicted for drug-related offenses or weapons, explosives and arson charges.<sup>47</sup> For FY 2022, \$7.6 billion was requested to fund the federal prison system—including federal detention and incarceration. These Department of Justice components ensure that federal criminals and those awaiting trial or sentencing are safely and cost-effectively incarcerated and detained.<sup>48</sup>
- Biden requested for FY 2022: \$26.6 billion for border and transportation security related to preventing illegal immigration.<sup>49</sup>
- Other requests: \$2.3 billion for aid to state and local law enforcement, and \$2.6 billion for the Secret Service.<sup>50</sup>
- In 2018 there were an estimated 11.4 million undocumented immigrants in the US.<sup>51</sup>
- According to an April 2021 article in the *Washington Post*, the Biden administration seems to be spending \$16 million per week to shelter 16,000 undocumented minors.<sup>52</sup> (That's 832 **million** dollars for a year.)

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<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

<sup>46</sup> [https://www.bop.gov/about/statistics/population\\_statistics.jsp](https://www.bop.gov/about/statistics/population_statistics.jsp)

<sup>47</sup> [https://www.bop.gov/about/statistics/statistics\\_inmate\\_offenses.jsp](https://www.bop.gov/about/statistics/statistics_inmate_offenses.jsp)

<sup>48</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>49</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>50</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>51</sup> <https://www.dhs.gov/immigration-statistics/population-estimates/unauthorized-resident>

<sup>52</sup> [https://www.washingtonpost.com/national/border-shelters-cost/2021/04/08/c54eec3a-97bd-11eb-8e42-3906c09073f9\\_story.html](https://www.washingtonpost.com/national/border-shelters-cost/2021/04/08/c54eec3a-97bd-11eb-8e42-3906c09073f9_story.html)

## 8. *International Affairs*

### **\$61.2 billion in discretionary spending. (6 chips will maintain current level.)**

- *Foreign diplomacy (embassies and ambassadors)*
- *Contributions to International Organizations & Peacekeeping (including support for the UN)*
- *Economic and military aid to countries that are friendly to us*
- *Humanitarian aid to countries that need assistance*

This functional area contains funding for all U.S. international activities, including: operating U.S. embassies and consulates throughout the world; providing military assistance to allies; aiding developing nations; dispensing economic assistance to fledgling democracies; promoting U.S. exports abroad; making U.S. payments to international organizations; and contributing to international peacekeeping efforts. Some points to consider:

- President Biden’s FY 2022 budget allocated \$9.3 billion for State Department operations and another \$2.7 billion for embassy security, construction and maintenance.<sup>53</sup>
- Biden’s FY 2022 budget allocated \$29.7 billion for international development and humanitarian assistance (including global health, refugee programs, international disaster assistance, etc.) and \$13.6 billion for international security assistance (including foreign military grants, economic support and antiterrorism programs).<sup>54</sup>
- The U.S. provides more aid to the Middle East than any other region of the world. For FY 2022, President Biden requested approximately \$3.8 billion for Israel<sup>55</sup>, \$1.4 to Egypt<sup>56</sup>, and \$1.3 billion to Jordan.<sup>57</sup> Our current level of financial support for Israel and Egypt grew out of the 1979 Camp David Peace Treaty.
- In 2021, the US government spent approximately **\$474 million** to aid Afghan refugees.<sup>58</sup>
- “Foreign aid is the resources – financial as well as other goods, or technical or military assistance – provided by the United States government to other countries or international organizations. Aid supports development, health, stability, and growth of other regions and countries of the world and also is negotiated with American interests in mind.”<sup>59</sup>
- The US spends about 1% the federal budget on foreign aid. Although the U.S. spends more than any other country on foreign aid, “it spends a relatively small amount of its Gross National Income (GNI) on foreign aid compared to other high-income countries.”<sup>60</sup>

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<sup>53</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>54</sup> Ibid.

<sup>55</sup> <https://thehill.com/policy/international/middle-east-north-africa/549593-bipartisan-house-letter-urges-fully-funding-us>

<sup>56</sup> <https://sgp.fas.org/crs/mideast/RL33003.pdf>

<sup>57</sup> <https://sgp.fas.org/crs/mideast/RL33546.pdf>

<sup>58</sup> <https://www.washingtonpost.com/politics/2021/10/28/us-provide-nearly-144-million-more-humanitarian-assistance-afghanistan/>

<sup>59</sup> <https://www.bushcenter.org/publications/articles/2021/05/policy-101-foreign-aid>

<sup>60</sup> <https://www.bushcenter.org/publications/articles/2021/05/policy-101-foreign-aid>

## **9. Natural Resources and the Environment**

***\$45.4 billion in discretionary spending. (5 chips will maintain current level.)***

- *Promotion of conservation*
- *Controlling and reducing air, water, and land pollution*
- *Development and maintenance of recreational resources such as national parks*
- *Work to clean up previously polluted sites, restore them to uses appropriate for surrounding communities, and respond to and prevent waste-related or industrial accident*

This functional area includes programs concerned with environmental protection and enhancement; recreation and wildlife areas; and the development and management of the nation's land, water, and mineral resources. Some points to consider:

- President Biden requested \$4.1 billion to support recreational resources such as national parks, refuges, and public lands.<sup>61</sup>
- He requested \$14.2 billion for conservation and land management.<sup>62</sup>
- He requested \$9.1 billion for pollution control and abatement.<sup>63</sup>
- \$7.4 billion was requested to fund the Army Corps of Engineers. Their mission includes “planning, designing, building, and operating water resources and other civil works projects; designing and managing the construction of military facilities; providing immediate and long-term support to the public during natural disasters and national emergencies; and offering design and construction management capabilities for other Defense Department and Federal agencies for foreign countries.”<sup>64</sup>

## **10. Community and Regional Development**

***\$43.5 billion in discretionary spending. (4 chips will maintain current level.)***

- *Urban community and economic development programs, such as those providing money for the revitalization of public housing, or money to build affordable housing*
- *Disaster relief and insurance*
- *Grants and loans for water supply and sewer systems*
- *Regional economic development programs*
- *Aids to businesses such as loans and loan guarantees*

Federal support for community and regional development helps economically distressed urban and rural communities. This functional area consists of broad-based community, regional, urban and rural renewal and development programs. The purpose of this development is to create physical facilities or financial infrastructures that promote workable community economies. Some points to consider:

- President Biden requested \$11.4 billion for community development.<sup>65</sup>

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<sup>61</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>62</sup> Ibid.

<sup>63</sup> Ibid.

<sup>64</sup> <https://www.usace.army.mil/Recovery/Learn-More/>

<sup>65</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)



- He requested \$5.6 billion for area and regional development.<sup>66</sup>
- He requested \$13.6 billion for disaster relief and insurance including funding for FEMA (Federal Emergency Management Agency).<sup>67</sup>
- Please note that catastrophic natural disasters (hurricanes, wildfires, etc.) occurring during the fiscal year require emergency spending in addition to what has been included in the president's budget. "As in prior years, the budget assumes that future catastrophic events during the budget year will be funded separately with emergency supplemental appropriations."<sup>68</sup>

## ***11. General Science, Space, and Technology***

### **40.0 billion in discretionary spending. (4 chips will maintain current level.)**

- *America's space program*
- *Grants for cutting-edge discoveries in science and engineering*
  
- President Biden requested \$8.7 billion for the National Science Foundation (NSF) programs,<sup>69</sup> an independent federal agency created by Congress "to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense..." This is the funding source for approximately 25% of all federally supported basic research conducted by America's colleges and universities. In many fields such as mathematics, computer science and the social sciences, NSF is the major source of federal backing.<sup>70</sup>
- He requested \$23.5 billion for space flight, research, and supporting activities (NASA and space contractors including Space X).<sup>71</sup>
- He requested \$7.8 billion for Department of Energy science programs.<sup>72</sup> These research programs "advance the science needed for revolutionary energy breakthroughs, seek to unravel nature's deepest mysteries, and provide the nation's researchers with the most advanced large-scale tools of modern science."<sup>73</sup>
- The more we know about the environment, agriculture, weather, geological phenomena, the oceans and alternative sources of energy, the more we can do to save lives and make our quality of life better. There might be a discovery just around the corner that can save us billions of dollars, and save us from earthquakes, famine, etc.

## ***12. General Government***

### **\$24.2 billion in discretionary spending. (2 chips will maintain current level.)**

- *Costs for administering the Internal Revenue Service (IRS)*
- *Costs for Congress and the Executive Office of the President*

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<sup>66</sup> Ibid.

<sup>67</sup> Ibid.

<sup>68</sup> [https://www.dhs.gov/sites/default/files/publications/fema\\_-\\_disaster\\_relief\\_fund\\_fy\\_2022\\_funding\\_requirements.pdf](https://www.dhs.gov/sites/default/files/publications/fema_-_disaster_relief_fund_fy_2022_funding_requirements.pdf)

<sup>69</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>70</sup> <http://www.nsf.gov/about/>

<sup>71</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>72</sup> Ibid.

<sup>73</sup> <http://science.energy.gov/programs/>

Not only does this category cover the general overhead costs (and salaries) of the federal government, including legislative and executive activities, but it also covers the IRS. Some points to consider:

- This may seem like an easy place to take money, but money for this function supports the cost of running our federal agencies and running the IRS.
- We need tax revenues from the IRS to pay for our government programs. From 2010 - 2019 the IRS budget has been cut by 20% and its staff reduced by about the same percentage.<sup>74</sup> The IRS estimates that, for every \$1 invested in the IRS budget, it produces \$6 in revenue.<sup>75</sup> President Biden allocated \$14.4 billion for the IRS in his proposed budget.<sup>76</sup>
- President Biden proposed spending \$5.2 billion on legislative branch discretionary programs which support the operations of the U.S. Congress.<sup>77</sup>
- The president gets \$400,000 in salary.<sup>78</sup> The vice president's annual salary is \$235,100.<sup>79</sup> Representatives and senators earn approximately \$174,000.<sup>80</sup>

### **13. Agriculture**

***\$12.2 billion in discretionary spending. (1 chip will maintain current level.)***

- *Agricultural research and education programs*
- *Animal and plant inspection programs*

This functional area includes farm income stabilization, agricultural research, and other services administered by the U.S. Department of Agriculture (USDA). The **mandatory** programs include crop insurance, and certain farm loans. Some points to consider:

- The USDA ensures the safety and abundance of our food supply with agricultural and grain inspections, animal health monitoring, and pest detection.
- President Biden requested \$4.1 billion for agricultural research and education programs.<sup>81</sup>
- Biden requested \$1.2 billion for animal and plant inspection programs.<sup>82</sup>

### **14. Energy**

***\$9.2 billion in discretionary spending. (1 chip will maintain current level.)***

- *Funding for alternative fuel research and development*

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<sup>74</sup> <https://www.taxpolicycenter.org/taxvox/administrations-irs-budget-contains-good-bad-and-uncertain> and <https://budget.house.gov/publications/report/funding-irs> and <https://www.federaltimes.com/management/budget/2021/07/14/the-irs-is-stuck-in-a-self-fulfilling-prophecy-of-congressional-funding/>

<sup>75</sup> [https://www.washingtonpost.com/opinions/want-to-shrink-deficits-or-fund-bidens-spending-plans-give-the-irs-more-money/2021/03/25/2959bcd8-8d90-11eb-9423-04079921c915\\_story.html](https://www.washingtonpost.com/opinions/want-to-shrink-deficits-or-fund-bidens-spending-plans-give-the-irs-more-money/2021/03/25/2959bcd8-8d90-11eb-9423-04079921c915_story.html)

<sup>76</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>77</sup> Ibid.

<sup>78</sup> <https://www.businessinsider.com/financial-perks-president-of-the-united-states-2018-7>

<sup>79</sup> <https://www.ibtimes.com/us-vice-president-salary-2021-heres-how-much-kamala-harris-will-earn-year-3156870>

<sup>80</sup> [http://library.clerk.house.gov/reference-files/114\\_20160510\\_Salary.pdf](http://library.clerk.house.gov/reference-files/114_20160510_Salary.pdf)

<sup>81</sup> [https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1\\_fy22.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/05/20-1_fy22.pdf)

<sup>82</sup> Ibid.



- *Nuclear waste disposal of commercial (non-Defense) spent nuclear fuels*
- *Strategic Petroleum Reserve, which provides emergency oil supply in the event of a severe disruption of supply*
- *Funding for energy efficiency and renewable energy*
- *Fossil energy programs (ex., R&D for coal uses)*

Most programs in this category are within the Department of Energy, comprising civilian energy-related programs including research and development and environmental clean-up. This category does not include national security activities. President Biden proposed discretionary spending in these areas below.

- \$2.0 billion for energy conservation.
- 1.8 billion for energy efficiency and renewable energy.
- \$1.3 billion for nuclear energy R&D.
- \$1.1 billion for towards fossil energy R&D.
- \$1.5 billion for non-defense environmental management.<sup>83</sup>

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<sup>83</sup> Ibid.

## **FY 2022 Proposed National Defense Spending Allocations**

### **Major itemized allocations:**

Total operations and maintenance:	\$305 billion
Total personnel (Army, Navy, Air Force, Marines, National Guard):	\$166 billion
Total federal procurement of aircrafts, ships, weapons, ammo:	\$124 billion
Some examples:	
● 85 F-35 Joint Strike Fighters - \$12 billion	
● B-21 Long Range Strike Bomber - \$3 billion	
● 1 COLUMBIA Class Ballistic Missile Submarine - \$5 billion	
● CVN-78 FORD Class Aircraft Carrier - \$2.9 billion	
● 2 Virginia Class Submarines - \$6.9 billion	
● 3,799 Joint Light Tactical Vehicles - \$1.1 billion	
Total R&D, test and evaluation of weapons:	\$111 billion
Nuclear defense activities:	\$ 29 billion
Military construction	\$ 11 billion
FBI – defense related activities:	\$ 6 billion

Included in this National Defense category is approximately \$20.6 billion for development of defense capabilities in Space and \$20.6 billion for cyberspace activities including cybersecurity.

## Special Interest Group Requests

1. The first group that has asked for our attention is called **Pay Your Share**. This is their statement:

- Although the Internal Revenue Service (IRS), the nation's tax collection agency, is often viewed negatively, their work provides the money needed to fund government programs.
- From 2010 to 2019, funding for the IRS was cut by 20% with a loss of about 20,000 IRS employees--about 20% of its workforce.<sup>84</sup>
- The IRS has aging technology with computer systems that not only slow down the processing of tax returns, but create security risks for the system.<sup>85</sup>
- With fewer technical tools and staff, IRS audits tend to focus more on less complex tax returns—which means an emphasis on reviewing tax returns from lower and middle class earners rather than the wealthy.<sup>86</sup> In a May 2020 report, the Treasury Inspector General for Tax Administration noted that the IRS failed to audit more than 897,000 tax returns from wealthy individuals who had not filed their returns over a three-year period and owed nearly \$46 billion in taxes.<sup>87</sup>

**They are asking for an increase of approximately 10 billion dollars in the functional area of General Government. This would be one chip.**

2. The second group that has requested additional funding is the **Bipartisan Foreign Policy Association**. This is their statement:

- Weak or failed states pose a major threat to the US, providing terrorist groups like ISIS with a refuge and base for their operations. Both Democratic and Republican administrations have used the three D's—defense, diplomacy and development—to address the problem, but development programs are often the most effective. Robust foreign aid programs are, therefore, essential for national security.
- Problems in distant parts of the world—such as disease, drought or destruction of rain forests—can have a serious impact on the health and well-being of Americans. We have to support international organizations that are addressing these issues to assure our own country's future.
- Earthquakes, tsunamis, floods and other natural disasters have increased in recent years, destroying the lives and livelihoods of millions worldwide. The US must continue to contribute its fair share to relief efforts.
- We need to think of foreign aid as an investment, not as charity. Helping other nations to grow their economies helps us to grow our own.

**They are asking for an increase of approximately 10 billion dollars in the functional area of International Affairs. This would be one chip.**

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<sup>84</sup> <https://www.federaltimes.com/management/budget/2021/07/14/the-irs-is-stuck-in-a-self-fulfilling-prophecy-of-congressional-funding/> and <https://www.irs.gov/statistics/irs-budget-and-workforce>

<sup>85</sup> <https://www.federaltimes.com/it-networks/2018/07/02/the-irs-struggles-to-tackle-legacy-it-problems/>

<sup>86</sup> <https://www.federaltimes.com/management/budget/2021/07/14/the-irs-is-stuck-in-a-self-fulfilling-prophecy-of-congressional-funding/>

<sup>87</sup> <https://budget.house.gov/publications/report/funding-irs>

3. The third group that has asked for our attention is called **Concerned Environmental Scientists of America**. This is their statement:

- The major US scientific agencies agree that a rise in the Earth's temperature is mainly due to the effects of greenhouse gases--such as carbon dioxide--which are produced naturally, and also by humans in the burning of oil, gas, coal and wood products. It is important for us to reduce the amount of greenhouse gas pollution we release and lower the risk of continued global warming and its severe consequences.
- One way of reducing greenhouse gas pollution is for countries to find ways to make energy derived from oil, gas and coal (also called fossil energy) less harmful to people and the environment. Another way is to switch from fossil energy technology to alternative energy such as solar or wind power. Another is to find new ways to increase the efficiency of appliances, homes, businesses and vehicles. Research and development of these energy alternatives, efficiencies, and renewable energy takes money.
- Funds are also needed to make sure that regulations that have currently been put in place to minimize greenhouse gases are enforced.

**They are asking for an increase in funding of approximately 10 billion dollars in the functional area of Energy. This would be one chip.**

**Group # \_\_\_\_\_**

<b>Function</b>	<b># chips to start</b>	<b>final # of chips</b>
<b>1. National Defense</b>	<b>76</b>	
<b>Non-Defense Spending Categories:</b>		
<b>2. Education, Training, Employment &amp; Social Services</b>	<b>15</b>	
<b>3. Health</b>	<b>13</b>	
<b>4. Transportation</b>	<b>12</b>	
<b>5. Veterans' Benefits &amp; Services</b>	<b>11</b>	
<b>6. Income Security</b>	<b>10</b>	
<b>7. Administration of Justice</b>	<b>7</b>	
<b>8. International Affairs</b>	<b>6</b>	
<b>9. Natural Resources and Environment</b>	<b>5</b>	
<b>10. Community &amp; Regional Development</b>	<b>4</b>	
<b>11. General Science, Space &amp; Technology</b>	<b>4</b>	
<b>12. General Government</b>	<b>2</b>	
<b>13. Agriculture</b>	<b>1</b>	
<b>14. Energy</b>	<b>1</b>	
<b>Total Non-Defense Chips</b>	<b>91</b>	

National Defense	76	Education, Training, Employment & Social Services	15	Health	13	Transportation	12	Veterans Benefits & Services	11
Income Security	10	Administration of Justice	7	International Affairs	6	Natural Resources & Environment	5	Community & Regional Development	4
General Science, Space & Technology	4	General Government	2	Agriculture	1	Energy	1		