

FREE ENTERPRISE



ACTIVITY 15

THE FEDERAL BUDGET

A **budget** is a plan for dividing up income among spending options. Each year, the federal Office of Management and Budget prepares a budget that is submitted to Congress for approval. The budget allocates federal funds among different programs. The congressional budget debate involves much wrangling, as representatives try to win funding for programs that benefit their state.

Directions: Complete the exercises below to show how you would make budget decisions.

- Suppose the Office of Management and Budget was trying to decide how to divide up funds among the following programs.

Defense	Social Security	Other social welfare programs	Other domestic programs	The national debt
MX missiles	Retirement benefits	Medicaid	Education	Principal
Spacebased weapons	Cost of living increases	Subsidized housing	Energy	
New submarines		Unemployment insurance	Price supports for farmers	
New attack planes	Medicare payments	Food stamps	Public transportation	
Foreign military aid		Veterans' benefits	Public works	
			Health research	

If you were making the budget decisions, which programs would you support most? Why?

- Three members of Congress describe their districts in this way:

Representative A: In my district, almost half the workers are employed by companies that depend on defense contracts to survive.

Representative B: My district has many old factories, one city that is trying to renew itself, high unemployment, and pollution problems.

Representative C: Many voters in my district are either farmers or retired people.

Which programs would Representative A probably want to expand?

Representative B?

Representative C?
