

APGOV Reading Guide Review Questions Chapter 14
***Answers are in the notebook in my classroom.**

1. The budget deficit or surplus is equal to
 - a. expenditures/revenues.
 - b. revenues + expenditures.
 - c. revenues/expenditures.
 - d. expenditures – revenues.

2. Who said, “Taxes are what we pay for civilization”?
 - a. Aaron Wildavsky.
 - b. Oliver Wendell Holmes, Jr.
 - c. Jean Baptiste Colbert.
 - d. Bill Clinton.

3. The largest percentage of the government’s income comes from
 - a. excise taxes.
 - b. income taxes.
 - c. social insurance taxes.
 - d. borrowing.

4. Congress was given permission to levy and income tax by the
 - a. Supreme Court case of *Pollack v. Farmer’s Loan and Trust Co.*
 - b. Sixteenth Amendment.
 - c. Thirteenth Amendment.
 - d. Internal Revenue Service.

5. Corporate taxes yield more revenues than individual income taxes do.
 - True
 - False

6. Social Security taxes
 - a. come from both employers and employees.
 - b. do not go into the government’s general fund.
 - c. are earmarked for a specific purpose.
 - d. all of these.

7. The federal debt
 - a. is the amount by which expenditures exceed revenues in a given year.
 - b. has the impact of crowding out private borrowing.
 - c. finances mainly capital projects.
 - d. was never greater than under Ronald Reagan.

8. The balanced budget amendment would require Congress to balance peacetime federal budgets.
- True
 - False
9. A tax loophole is also a
- a. tax benefit.
 - b. tax expenditure.
 - c. tax break.
 - d. all of these.
10. Tax loopholes cost the federal government very little.
- True
 - False
11. Which of the following is an example of a tax expenditure?
- a. direct government support of a charity
 - b. a tax reform
 - c. mortgage interest deduction
 - d. the social security system
12. Tax expenditures are most beneficial to poorer people.
- True
 - False
13. Ronald Reagan's 1981 tax reforms
- a. reduced individual and corporate taxes.
 - b. provided tax incentives for personal savings and corporate investment.
 - c. indexed taxes to the cost of living.
 - d. all of these.
14. Ronald Reagan's 1981 tax reforms
- a. increased social security expenditures.
 - b. did not help people at the lower end of the income ladder.
 - c. resulted in a balanced budget.
 - d. raised taxes for the rich.
15. The Tax Reform Act of 1986
- a. eliminated or reduced the value of many tax deductions.
 - b. increased the number of possible tax expenditures.
 - c. changed the system of fifteen tax brackets to two.
 - d. both A and C.

16. Which of the following countries has the highest tax revenues as percentage of GDP?
- a. United Kingdom.
 - b. Sweden
 - c. United States
 - d. Germany
17. The policies and programs the government spends money on change over time.
- True
 - False
18. Total military expenditures have declined as a percentage of the our GDP since the end of World War II.
- True
 - False
19. The Reagan administration budgets brought defense back as the biggest slice of the budget pie.
- True
 - False
20. Which of the following statements is TRUE?
- a. From the mid-1960s to the early 1980s, military expenditures more than doubled.
 - b. Ronald Reagan substantially increased the defense budget during his second term.
 - c. Procurement is used to draft military personnel.
 - d. The cost of military weapons is more expensive than their predecessors.
21. Social Security checks go only to retired persons.
- True
 - False
22. Which of the following statements is TRUE?
- a. Medicare is mainly for poor persons.
 - b. Social Security was originally designed as a disability program.
 - c. As the 1980s began, the Social Security program was going broke.
 - d. Conservatives favor expansion of Social Security.
23. The Social Security system combines all social policies of the national government.
- True
 - False

24. Which of the following is NOT among the features of incremental budgeting?
- a. little attention to the budget base.
 - b. rapid growth in the national budget.
 - c. heated debate over the proposed increment.
 - d. growth in agency budgets by only a little bit every year.
25. Incrementalism
- a. fully describes American budgetary politics.
 - b. facilitates budgetary reform.
 - c. does not describe the budget process for every agency.
 - d. makes it easy to pare the budget.
26. Uncontrollable expenditures result from
- a. failure to focus attention on the budgetary base.
 - b. the increased costs of military procurement.
 - c. incremental budgeting.
 - d. policies that make some group automatically eligible for some benefits.
27. Policies that obligate Congress to pay X level of benefits to Y number of recipients are called
- a. entitlements.
 - b. increments.
 - c. allowances.
 - d. tax expenditures.
28. Fully two-thirds of the national budget is uncontrollable.
- True
 - False
29. The biggest uncontrollable item in the national budget is
- a. Social Security.
 - b. welfare.
 - c. grants-in-aid.
 - d. defense.
30. The process of creating the national budget is confined to a few politicians in Washington, D.C.
- True
 - False
31. Lobbying for a group's needs takes place
- a. in the agencies.
 - b. with the president.
 - c. before congressional committees
 - d. all of these.

32. Which of the following is NOT among the congressional players in the budgetary process?
- a. Office of Management and Budget
 - b. tax committees
 - c. subject-matter committees
 - d. Congressional Budget Office
33. The body that audits, monitors, and evaluates what agencies do with their budgets is the
- a. House Ways and Means Committee.
 - b. Congressional Budget Office.
 - c. General Accounting Office.
 - d. Senate Finance Committee.
34. The Budget and Accounting Act of 1921
- a. created the Congressional Budget Office.
 - b. mandated the reconciliation reduction.
 - c. required the president to propose an executive budget to Congress.
 - d. gave Congress impoundment power.
35. The Office of Management and Budget (OMB)
- a. receives budget requests from Congress.
 - b. audits, monitors, and evaluates what agencies are doing with their budgets.
 - c. supervises preparation of the budget and advises the president on budgetary matters.
 - d. adjudicates disputes over the budget.
36. Preparation of the national budget takes almost one year.
- True
 - False
37. According to the Constitution, federal national appropriations must be authorized by
- a. the Office of Management and Budget.
 - b. the president.
 - c. three-fifths of the states.
 - d. Congress.
38. Which of the following was NOT established by the Congressional Budget and Impoundments Control Act of 1974?
- a. a fixed budget calendar
 - b. the elimination of tax expenditures
 - c. a committee in the budget in each house
 - d. the Congressional Budget Office

39. The budget resolution requires that
- a. the president and Congress agree on the budget.
 - b. Congress and the bureaucracy set limits on program spending.
 - c. both houses of Congress initially agree on a total expenditure level.
 - d. this years budget roughly equals last years budget.
40. The purpose of budget reconciliation is to
- a. critique and analyze the president's proposed budget.
 - b. establish a discretionary government program or entitlement.
 - c. adjudicate disputes over the budget.
 - d. revise program authorizations to achieve required savings.
41. Which of the following does an authorization bill NOT provide for?
- a. a discretionary program or an entitlement
 - b. program goals
 - c. program funds
 - d. eligibility requirements for entitlement programs
42. An appropriations bill actually funds programs, within limits established by authorizations, for the lifetime of the specific program.
- True
 - False
43. When Congress is unable to reach agreement and pass appropriations bills, it may allow agencies to spend at the previous year's level by passing a
- a. continuing resolution.
 - b. budget resolution.
 - c. budget reconciliation.
 - d. authorization bill.
44. The purpose of the Gramm-Rudman-Hollings Act was to
- a. decrease the spiraling defense budget.
 - b. stabilize deficit spending at a manageable level.
 - c. introduce a constitutional amendment to balance the budget.
 - d. mandate maximum allowable deficit levels until the budget was balanced in 1993.
45. The 1990 budget law resulted in significantly reducing the deficit.
- True
 - False

46. The 1990 budget law
- a. facilitated the ability of Congress to shift budget priorities across categories.
 - b. shifted the focus to controlling increases in spending.
 - c. increased the functions of the congressional budget committees.
 - d. reduced the power of the Office of Management and Budget.
47. One reason all democracies have experienced substantial growth in government is because policymakers spend public money on things the voters will like.
- True
 - False
48. Allen Meltzer and Scott Richard argue that government grows in a democracy because of
- a. corrupt politicians.
 - b. the equality of suffrage.
 - c. the need for a strong defense.
 - d. an apathetic public.
49. Which of the following statements is FALSE?
- a. Many politicians willingly cooperate with the desire of working class voters to expand their benefits.
 - b. Corporate elites are especially opposed to big government.
 - c. Low-income and wealthy voters alike have voted for parties and politicians who promise them benefits.
 - d. Government grows by responding to groups and their demands
50. Ronald Reagan won election to the presidency twice by promising to
- a. raise taxes.
 - b. spend less money.
 - c. provide more services.
 - d. increase the scope of government.
51. Americans have chosen to tax less and spend less on public services than almost all other democracies with developed economies.
- True
 - False
 - c.
52. Since 1980, policymaking in the American government could be characterized as the politics of scarcity.
- True
 - False

53. The budget

- a. is the size of government.
- b. can be used to rein in the government.
- c. can be used to expand the role government.
- d. all of these.