

## Deficit and Debt

In the news we hear a lot about the U.S.'s **MOUNTING DEBT** and budget deficits. What do those words mean and what's the big deal? Couldn't we just print some more money?

1. Take a jab at defining the words; revenue, expenses, deficit, and debt in relation to each other.

U.S. Federal revenue

U.S. Federal expenses

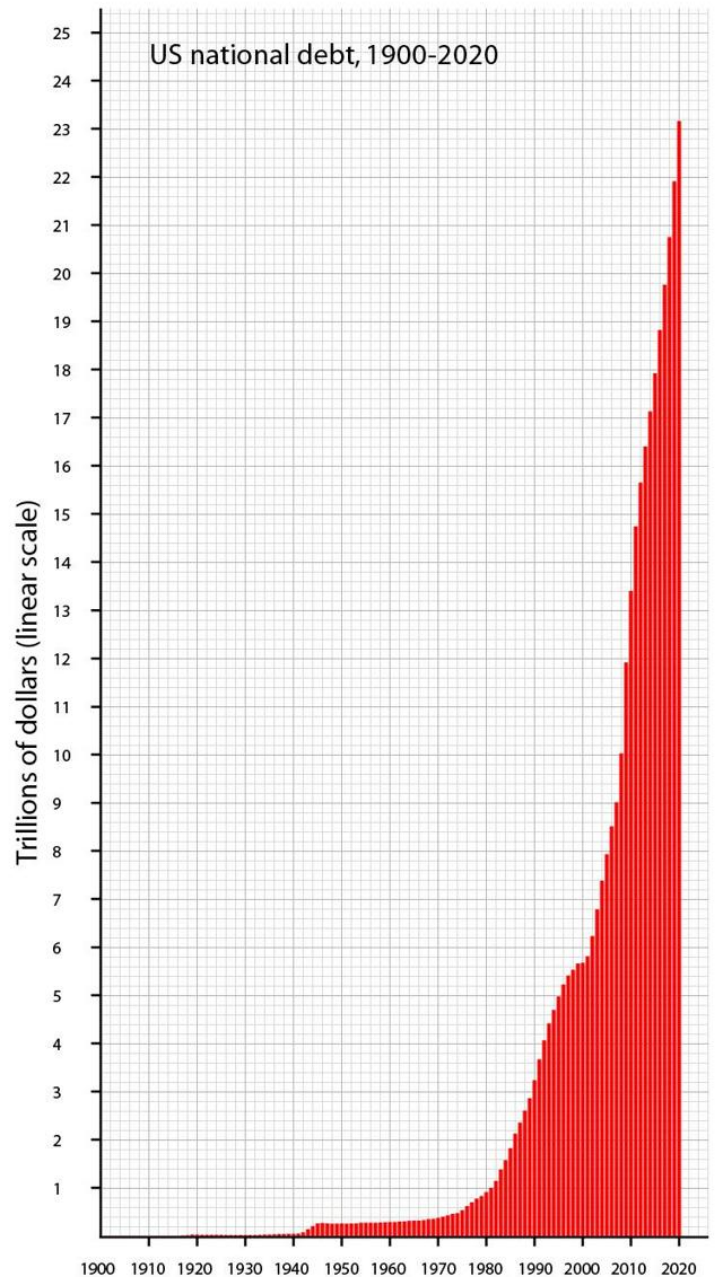
U.S. Federal deficit

U.S. Federal debt

September 30, 2019 will be the end of the U.S. fiscal year of accounting. A budget year begins on October 1 and ends on September 30th of the following year.

The chart on the next page is a brief accounting of the 2019 U.S. revenues and expenses. Check it out.

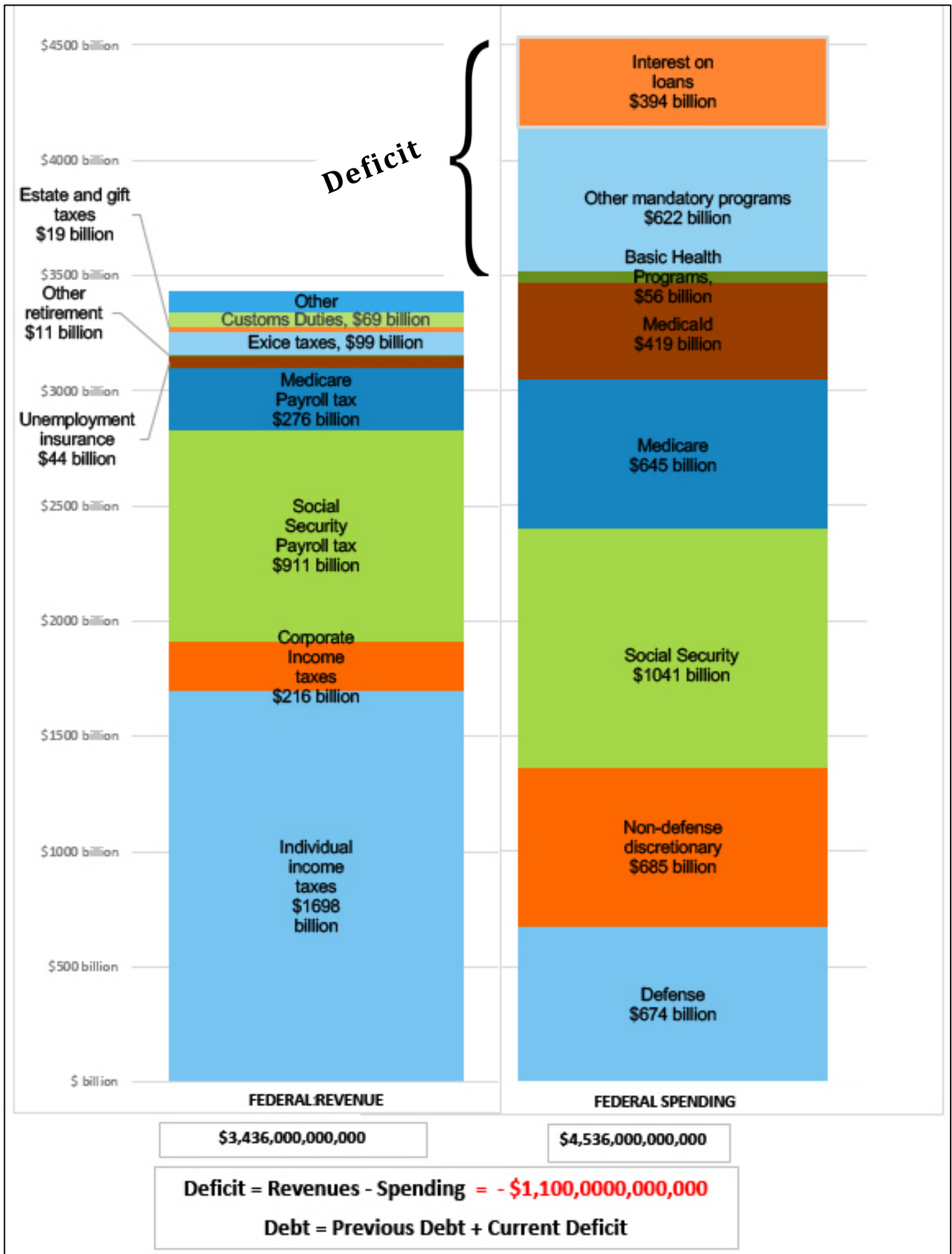
2. What do you notice? What would you like to know more about?



The federal government pays for lots of services that we enjoy.

- We have a military and security forces.
- We give our seniors an income in retirement that they actually paid for by contributing to social security during their working years.
- We pay for health care or long-term care for people who are over the age of 65, disabled, indigent, or to give care to low-income children.
- We pay interest on the money that we've had to borrow to pay for all of these services in the past.
- We give benefits to veterans and retired federal employees.
- We pay for overseeing safe foods and drugs.
- We protect the environment.
- We invest in education, scientific and medical research.
- We pay for basic infrastructure such as roads, bridges, and airports.
- We contribute to humanitarian aid.

From: [www.futuretimeline.net](http://www.futuretimeline.net)



3. How much was the total of the U.S. federal expenses for year 2019?

On April 15<sup>th</sup>, your family probably talks about paying income tax ... because that's when income tax forms and payments are due.

4. How much money does the Federal government collect in Individual Income Tax?
5. About what percent (just guess from the visual of our chart.) of the total government revenue do personal income taxes make up?
6. Businesses have to pay tax as well. How much do corporations pay in taxes?

Every working person has a percent of their income taken out of their paycheck as a contribution to the Social Security program. This is called Social Security tax.

7. How much does the Federal government receive from working people for Social Security?

So, in our graphic on the previous page, the Federal government receives income from all of those sources: personal income taxes, payroll taxes, corporate taxes, excise taxes, estate taxes and other taxes.

8. From the graphic find what the Federal government's total income from those sources.
9. In the United States, our government spends more than it receives to supply us with services. How much does the government spend in total?
10. What is the difference between what our Federal expenses are and what our Federal income is?

**This is our deficit!**

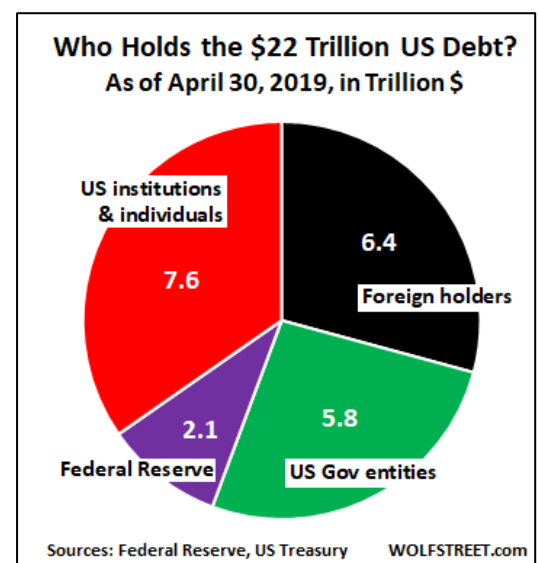
11. What do you think National debt means?

Over the years the U.S. government has continued to spend more than we've collected for these services. On the first page is a graphic that demonstrates the continued growth of what we have borrowed in order to pay for our various Federal services. Use that first chart to answer the following question.

12. Between what ten-year span did the national debt grow the most?

The U. S. now has a national debt of **22 trillion dollars**. The pie chart on the right shows where we borrowed money to pay this debt.

13. Create 2 different observations from this chart on the right that you will bring to class to add to the discussion.
14. Using the pie chart again, of that 22 trillion dollars debt, how much money is borrowed from Foreign entities.



15. Name 5 countries that we seem to owe the most money to.

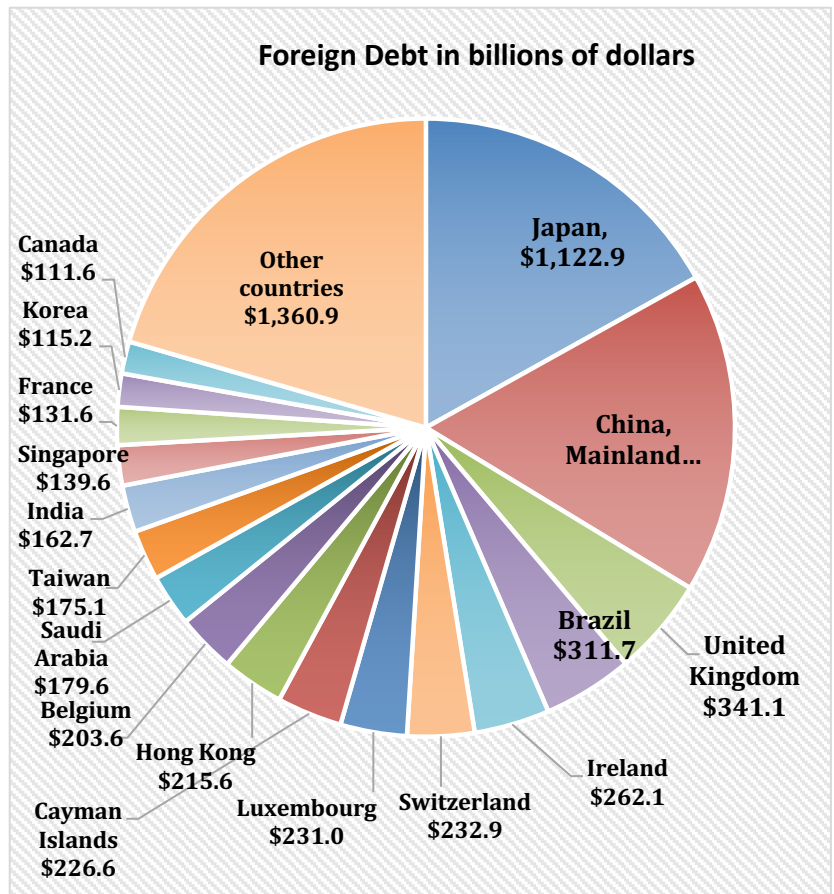
16. About what percent of our total foreign debt is owed to; China?

Japan?

Brazil?

The national debt is now at about \$21.21 trillion dollars. The population of the U.S. is about 327,200,000 people.

17. If each person in the U.S. (kids and babies too) were to contribute equally to pay off the national debt, about how much would each person need to pay?



Go back to our Deficit/Debt stacked bar graph in this activity.

18. How much does the U.S. government spend on interest for debt?

19. About what percent of our last year's deficit was interest on our national debt?

20. Now, try to explain the difference between deficit and debt?

21. Why do you suppose that we can't solve this problem by just printing more money?

Sources: [https://www.treasurydirect.gov/govt/reports/pd/histdebt/histdebt\\_histo5.htm](https://www.treasurydirect.gov/govt/reports/pd/histdebt/histdebt_histo5.htm)  
<https://www.marketwatch.com/story/heres-who-owns-a-record-2121-trillion-of-us-debt-2018-08-21>  
<https://www.census.gov/quickfacts/fact/table/US/PST045217>  
<https://www.thebalance.com/current-u-s-federal-government-spending-3305763>  
<https://www.cbo.gov>