Budget Choices

Compare how a household and the federal government plan spending.

SS.7.E.1.6 "Compare the national budget process to the personal budget process."

NAME ______________________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Underline two actions that both a personal budget and the national budget can include. Circle two details that show how the national budget process is different from a personal budget process.

Two Kinds of Budget Plans

1 Before Maya spends her monthly allowance and earnings from pet sitting, she makes a personal budget. She lists money coming in, then estimates costs for bus rides, phone service, snacks, and savings. Her budget helps her choose priorities because her income is limited. Maya can change her plan when a cost rises or when she earns less. She makes the final choices herself, although her family may offer advice. A personal budget is a plan for using money over a set time.

2 The federal government also uses a budget, but its process involves many people. Each year, the president sends Congress a budget proposal. Congressional committees study the proposal, and the House and Senate debate, revise, and pass spending bills. The president can sign these bills into law. Federal fiscal years run from October 1 through September 30. The national budget uses tax revenue and borrowed money to pay for programs, national defense, federal workers, and other public services. This process gives elected representatives a role in spending decisions.

3 Both budgets match available money with planned spending, set priorities, and may be revised when conditions change. In both cases, spending more than the money available creates a deficit. A household might use savings, earn more, cut costs, or borrow. The federal government can borrow by issuing Treasury securities, but borrowing adds to the national debt and requires future interest payments. Unlike Maya's budget, the national budget affects millions of people and requires public debate, congressional action, and presidential approval. Comparing the two shows why trade-offs matter.

2 ANSWER WITH EVIDENCE

Use the passage

1. How does Maya begin her budget process, and how does the national budget process described in the passage begin?

2. Name two actions that both a personal budget and the national budget can include.

3. Who makes the final choices in Maya's budget? Who must act before national spending bills become law?

4. Give one way a household can respond to a deficit. Then explain one result of federal borrowing.

3 YOUR TURN

Your own words

Complete the table with three spending needs of your choice. For each need, show one possible personal-budget choice and one possible national-budget choice, then make sure the choices fit the same need.

SPENDING NEED	POSSIBLE PERSONAL-BUDGET CHOICE	POSSIBLE NATIONAL-BUDGET CHOICE

Budget Choices

PART 1 · READ AND MARK

Underline two actions that both a personal budget and the national budget can include. Circle two details that show how the national budget process is different from a personal budget process. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How does Maya begin her budget process, and how does the national budget process described in the passage begin?	**Maya lists money coming in and estimates costs. The national process begins when the president sends Congress a budget proposal.**
2	Name two actions that both a personal budget and the national budget can include.	**Both can match available money with planned spending, set priorities, and be revised when conditions change. Accept any two.**
3	Who makes the final choices in Maya's budget? Who must act before national spending bills become law?	**Maya makes the final choices herself. Congress must pass the bills, and the president can sign them into law.**
4	Give one way a household can respond to a deficit. Then explain one result of federal borrowing.	**A household can use savings, earn more, cut costs, or borrow. Federal borrowing adds to the national debt and requires future interest payments.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

SPENDING NEED	POSSIBLE PERSONAL-BUDGET CHOICE	POSSIBLE NATIONAL-BUDGET CHOICE
Health care	Pay for health insurance	Fund Medicare and Medicaid programs
Transportation	Buy a bus pass	Fund roads and public transit
Safety	Purchase a smoke alarm	Fund national defense and emergency services

Accept reasonable paired examples that address the same spending need in both columns. Personal choices should be made by an individual or household, while national choices should involve federal programs or public services.