Chapter 14 Section 3: Federal Spending

* Most of the $2 trillion + money the government receives each year is already accounted for.
* After they fulfill their legal obligations, only about 40% of the money is left.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ –** is money that lawmakers are required by existing laws to spend on certain programs or to use for interest payments.
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**– is spending about which the government planners can make choices.
  + Money that is for mandatory spending has grown over the years.
  + The percentage of discretionary spending has decreased over that same period of time.
* Entitlement Programs:
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_** – social welfare programs that people are “entitled to” if they meet certain eligibility requirements. i.e. age or income
  + Mandatory spending increases as more and more people qualify for the money.
  + Some of the entitlement programs are “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”, that means people with higher incomes may receive lower benefits or no benefit at all.
  + Entitlements are a largely unchanging part of government spending.
  + Once Congress has set the requirements, it cannot control how many people become eligible for each king of benefit.
  + Congress can change the eligibility requirements or reduce the amount of the benefits.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + This is the largest category of federal spending.
  + More than 50 million retired or disabled people and their families and survivors receive monthly payments.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Medicare serves about 40 million people, most of them over the age of 65.
  + This program pays for hospital care and for the costs of the physicians and medical services.
  + Also pays for disabled people and those suffering from certain diseases.
  + It is funded by taxes withheld from your paycheck
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + It benefits low-income families, some people with disabilities, and elderly people in nursing homes.
  + It is the largest source of funds for medical and health-related services for America’s poorest people.
* Other Mandatory Spending Programs
  + These include
    - \_\_\_\_\_\_\_\_\_\_\_
    - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
    - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
    - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Spending for both Social Security and Medicare have increased enormously.
  + It is expected to increase even more in the future as the “baby-boomers” began to collect.
* Discretionary Spending
  + Spending on \_\_\_\_\_\_\_\_\_\_\_\_\_ is almost ½ of the budget’s discretionary spending.
  + In 2006 the Defense’s budget was 499.6 Billion.
  + Total Budget was $ 934.7 Billion
  + Other federal spending categories include
    - \* Education \* Training
    - \* Scientific Research \* Student Loans
    - \* Technology \* Law Enforcement
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
    - \* Environmental Clean-up \* Housing
    - \*Land Management \* Transportation
    - \* Disaster Aid \* Foreign Aid
  + Farm Subsidies
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
    - This figure is around $ 300 Billion + per year.
    - Federal Money goes to States for Education, Unemployment, Aid to Children and Families, Highways, Mass-Transit, Low-income Housing, and etc.