

## **Chapter 10.3 and 10.4**

### **State and Local Government Expenditures**

What is a **balanced budget amendment** do in those states that have one?

What type of taxes are typically used by states or localities to pay for government goods and services?

List the top 6 expenditures by state and local government

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

What are intergovernmental expenditures?

What are the largest expenditures for local government?

Why do interest rates vary, going up and down in a state?

## **Chapter 10 Section 4: Deficits, Surpluses, and the National Debt**

What is **deficit spending**?

What is the **federal debt**?

What impact does deficit spending in a year have on the national debt?

Look at the chart 10.6 on page 273. When did the largest deficits occur in the last 100 years as a percentage of GDP?

What was the cause of these large deficits?

Which decade had surpluses, rather than deficits?

According to the chart, what caused these surpluses?

What are the three different ways to view the Federal Debt shown in 10.7?

How is private debt different from public debt?

List several impacts of the public debt.

What is the crowding out effect?

What impact does public borrowing have on the interest rate according to figure 10.9?

What finally led to the budget surplus achieved in 1998?

Why do entitlements make balancing the budget difficult?