Part 1

Match the clues to the correct terms found in the answer key. Write the letter of each term in the space before each clue.

**Answer Key:**
A. Taxes
B. Public goods and services
C. Revenue
D. Resources
E. Defense

____ Taxes shift these from the private sector to the government.
____ Taxes and borrowed money are two examples used by government.
____ Governments purchase these for the benefit of the community as a whole.
____ When individuals pay these, they have less money to spend on personal goods and services.
____ An example of goods and services provided by our government.

Part 2

Use the pie chart below titled “Income” to complete this activity. Match the taxes to the correct percentage they contribute to federal revenue in the answer key. Write the letter of each percentage in the space before each of the taxes.

**Income and Outlays.** These pie charts show the relative sizes of the major categories of the federal income and outlays for fiscal year 2012.
**Answer Key:**
A. 24%
B. 7%
C. 32%
D. 30%

___ Borrowing to cover deficit
___ Social Security, Medicare, unemployment and other retirement taxes
___ Corporate income taxes
___ Personal income taxes

**Part 3**

Use the pie charts from Part 2 to answer the following questions. Indicate whether each of the statements below is True or False. Write your answer in the space provided.

1. The largest federal outlay is for Defense. _____
2. Social Security, Medicare, and other retirement accounts for 38% of federal spending.
   
   _____
3. Personal income tax accounts for the greatest tax revenue. _____
4. More government dollars are spent on Law Enforcement than on Defense. _____
5. Corporate Income Taxes make up 7% of federal revenue. _____