

### Lab: Appropriation Adventure

Your team must balance the United States budget. Not an easy task! The U.S. federal budget has not been balanced since Clinton was in office! While states have the obligation to balance their budgets every year, the federal government does not – until now..... A \$901 billion dollar deficit means that you will have to make some cuts or increase taxes.

Everyone at the meeting should debate the new budget, but only the three senators have votes on the final budget. Final budget decisions are won by a simple majority. The lobbyists are pushing for their respective agendas, and are allowed to spend the designated amounts to influence the senators. Remember, the class consists of citizen taxpayers and small business owners. They will vote to keep each senator in office or throw them out.

The senators “win” by raising a minimum of \$5 million and achieving at least 50% of the class vote.  
Every additional \$1 million raised will guarantee an additional 2% of the vote through TV ads.

The lobbyists “win” by ensuring the new budget includes a 2% increase in their desired industry.

The citizen taxpayers and small business owners “win” by paying low taxes.

Senator 1 – must raise 5 million for reelection and win at least 50% of the class vote for reelection  
Senator 2 – must raise 5 million for reelection and win at least 50% of the class vote for reelection  
Senator 3 – must raise 5 million for reelection and win at least 50% of the class vote for reelection

Lobbyist 1 – Military Contractor (increase defense & veterans services funding by 2%)	- 4 million
Lobbyist 2 – Oil & Gas Industry (increase energy & transportation funding by 2%)	- 4 million
Lobbyist 3 – Farmers (increase agriculture funding by 2%)	- 3 million
Lobbyist 4 – Teachers Union (increase education funding by 2%)	- 2 million
Lobbyist 5 – Sierra Club (increase natural resources & general science funding by 2%)	- 2 million

**Balance the Budget! Total Receipts must equal Total Spending!**

<u><b>Simplified 2013 U.S. Federal Budget</b></u>	<b>2013</b>		<b>YOUR PROPOSED</b>	
<b>Receipts</b>	<b>\$ (in billions)</b>		<b>\$ (in billions)</b>	<b>% change</b>
Individual Income Taxes	1,359			
Social Security & Payroll Tax (employer withheld taxes)	959			
Corporate Income Taxes	348			
Excise Taxes (sin taxes)	88			
Customs Duties (foreign transactions)	33			
Estate & Gift Taxes	13			
Deposits of Earnings (federal reserve bank earnings)	80			
Other Taxes & Earnings	21			
<b>Total Receipts</b>	<b>\$2902</b>			
<b>Spending</b>	<b>\$ (in billions)</b>		<b>\$ (in billions)</b>	<b>% change</b>
Medicare, Medicaid	898		898	0.00%
Social Security	883		883	0.00%
National Defense & Homeland Security	728			
Net Debt Interest	246		246	0.00%
Agriculture	155			
Labor & Housing (unemployment, public affairs, planning)	148			
Veterans Benefits & Services	140			
Treasury (IRS, mint)	110			
Transportation	99			
General Government	94			
Education	72			
International Affairs	60			
NIH, FDA, CDC	43			
Administration of Justice (prisons, borders, FBI)	37			
Energy	35			
General Science, Space & Technology	33			
Natural Resources (NOAA, FWS, corp of engineers)	22			
<b>Total Spending</b>	<b>\$3,803</b>			

Budget amounts that are already printed into the “Your Proposed” column are called mandatory spending, because that spending is written into law and is unable to be changed in appropriation acts.