

## National Budget Simulation Instructions

Name: \_\_\_\_\_ Date: \_\_\_\_\_

**Directions:** Read the steps below to complete your National Budget Plan.

1. Follow the following link to the CEE National Budget Simulation <https://archive.econedlink.org/national-budget-simulator-test/>. To represent the 20 percent increase in military spending, the outlay levels have been changed. You can see how this affects the total at the bottom of the column.
2. Scroll to the bottom of the page for the effect of the increase in military spending on the "New Surplus" or "New Deficit" (a negative surplus is a deficit). Remember that you need to get this figure at or below \$730.0 billion. Make note of the relative amounts of the budget spent on each area listed in the table, so that you can decide where cuts might be effective to reduce the deficit.
3. Now begin cutting the program budgets as a tradeoff for the increased defense spending. Remember, for political reasons or by law, you cannot make any changes in these areas: Commerce and housing credit, Medicare, Social Security, Net interest, Allowances, and Undistributed offsetting receipts. You can click on the names of the spending areas to see the programs in the respective spending areas.
4. **IMPORTANT:** You will be tempted to quickly reach deficit limits by making extreme cuts or even eliminating entire programs. Consider the real-life ramifications of such cuts because even 7.5 percent cuts in many programs will have serious consequences.
5. Continue making decisions to cut programs until you have reached your \$730.0 billion deficit limit. When cutting programs, keep in mind that program cuts could seriously affect citizens' daily lives. Also keep in mind people may be so upset by program cuts that they will act to prevent the President's reelection.
6. Print a copy of your budget.