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Question 3

5 Points

Part (a): 1 point

One point is earned for identifying a change in federal spending between 1970 and 2023 (projected) based on the chart.

- Increase in mandatory spending
- Decrease in discretionary spending
- Increase in spending on net interest

Part (b): 1 point

One point is earned for describing the difference between entitlement programs and discretionary programs.

- Congress is required to fund entitlement programs whereas spending on discretionary programs may change from year to year.

Part (c): 1 point

One point is earned for describing a demographic trend that has contributed to changes in entitlement spending.

- Aging population increases spending on entitlement programs.
- Rising poverty rates increase spending on entitlement programs.

Part (d): 1 point

One point is earned for explaining why changes in entitlement spending make balancing the federal budget difficult.

- Reducing discretionary spending requires prioritizing.
- Cutting programs with popular support/differing party positions is challenging.
- Increasing revenue/taxes is difficult.

Part (e): 1 point

One point is earned for explaining how deficit spending affects the projected trend in net interest.

- Borrowing money increases the debt, which increases spending on net interest.

A score of zero (0) is assigned to an answer that is off-task or is attempted but earns no points.

A score of dash (—) is assigned to an answer that is blank.


NOTE: Mandatory programs include Social Security, major federal health programs, other entitlement programs, and offsetting receipts.

3. Social Security, Medicaid, and Medicare are all mandatory spending programs, also known as entitlement programs.
   (a) Identify a change in federal spending between 1970 and 2023 (projected) based on the chart above.
   (b) Describe the difference between entitlement programs and discretionary programs.
   (c) Describe one demographic trend that has contributed to changes in entitlement spending.
   (d) Explain why changes in entitlement spending make balancing the federal budget difficult.
   (e) Explain how deficit spending affects the projected trend in net interest.

There has been an increase in spending for mandatory programs. The amount was 38% of the total budget in 1970 to 63% projected in 2023.

An entitlement program means that Congress is required to provide that program for every citizen who needs it. Citizens are "entitled" to that program.

A discretionary program means Congress.

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The population of the US is on average growing older, meaning more citizens are getting social security. This means the Federal government has to spend more on that entitlement program, thus increasing spending.

As more of the spending becomes mandatory, there is less optional spending to cut. Since the Congress cannot really change mandatory spending, the most cut Discretionary. People citizens often do not want their programs cut and so will complain to their congressman. This lack of cutting room coagulates with congressman getting keeping voters happy makes balancing the budget difficult.

The large amount of entitlement spending.

As deficit spending increases, the amount of debt increases. As debt increases the amount of interest increases. So the more debt accumulated, the more interest their is to to pay off, leading to the projected debt interest in 2023.


NOTE: Mandatory programs include Social Security, major federal health programs, other entitlement programs, and offsetting receipts.

3. Social Security, Medicaid, and Medicare are all mandatory spending programs, also known as entitlement programs.

(a) Identify a change in federal spending between 1970 and 2023 (projected) based on the chart above.

(b) Describe the difference between entitlement programs and discretionary programs.

(c) Describe one demographic trend that has contributed to changes in entitlement spending.

(d) Explain why changes in entitlement spending make balancing the federal budget difficult.

(e) Explain how deficit spending affects the projected trend in net interest.

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a.) From the chart we can see a large increase in federal spending on mandatory programs since 1970, and it is projected to continue to increase over the next decade.

b.) In regards to government programs, there is a key difference in entitlement and discretionary programs. Funding for an entitlement program is mandatory, whereas the funding for a discretionary program must be voted on and approved by Congress.

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GO ON TO THE NEXT PAGE.
(c) One demographic trend that is currently influencing entitlement spending is an aging population. Because the population is getting older, more spending is being allocated to programs such as Social Security and Medicare.

d) Because the funding for these entitlement programs is constantly changing, it is difficult to propose and balance a budget for it. It has become increasingly difficult to not only accommodate for the growth of these programs, but also to predict how quickly and immensely they will expand.

e) Deficit spending occurs when the government's expenditures exceed its revenue, and they are forced to spend in a deficit. This affects the net interest on the federal budget because as the nation's debt gets larger, interest on that debt will continue to rise.

![Pie charts showing composition of federal spending for 1970, 2012, and 2023.]


**NOTE:** Mandatory programs include Social Security, major federal health programs, other entitlement programs, and offsetting receipts.

3. Social Security, Medicaid, and Medicare are all mandatory spending programs, also known as entitlement programs.
   
   (a) Identify a change in federal spending between 1970 and 2023 (projected) based on the chart above.
   
   (b) Describe the difference between entitlement programs and discretionary programs.
   
   (c) Describe one demographic trend that has contributed to changes in entitlement spending.
   
   (d) Explain why changes in entitlement spending make balancing the federal budget difficult.
   
   (e) Explain how deficit spending affects the projected trend in net interest.

\[\text{a - Total mandatory spending will increased from 38\% in 1970 to 77\% in 2023.}\]

\[\text{b - Entitlement programs are federal programs that give money or aid to people. Discretionary programs are federal programs that give money or aid to people but based on their income. Discretionary programs use a means test in order to check the income of those who require help. An example of this is food stamps.}\]

\[\text{c - The amount of mandatory programs keeps rising over time.}\]
For 1970 to 58% to 2012 and an estimated 68% of federal spending for these rises as well.

a - Change in entitlement spending has risen from about 20% to about 60% from 1970 to 2012, which makes it harder to have money left to pay for discretionary programs and other things as well.

d - Deficit spending is when the federal government spends more money than it receives. When there is less deficit spending on discretionary programs, the oil interest dropped slightly, by 1% to increasing to 1970.

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Question 3

Overview

This question examined changes over time in federal spending, including entitlements and discretionary spending. Part (a) asked students to identify a change in federal spending between 1970 and 2023 (projected) based on a chart provided in the question. Part (b) asked students to describe the difference between entitlement programs and discretionary programs. Part (c) asked students to describe one demographic trend that has contributed to changes in entitlement spending. Part (d) asked students to explain why changes in entitlement spending make balancing the federal budget difficult. Part (e) asked students to explain how deficit spending affects the projected trend in net interest.

Sample: 3A
Score: 5

In part (a) the response earned 1 point for identifying a change in federal spending between 1970 and 2023 (projected) based on the chart by stating, “There has been an increase in spending for mandatory program [sic].”

In part (b) the response earned 1 point for describing the difference between entitlement programs and discretionary programs by stating, “An entitlement program means that congress is required to provide that program for every citizen who needs it. … A Discretionary program means congress does not have to fund that program.”

In part (c) the response earned 1 point for describing one demographic trend that has contributed to changes in entitlement spending by stating, “The population of the US is on average growing older meaning more citizens are getting social security. This means the federal government has to spend more on that entitlement program, thus increasing spending.”

In part (d) the response earned 1 point for explaining why changes in entitlement spending make balancing the federal budget difficult by stating, “Citizens often do not want their programs cut and so will complain to their congressmen. This lack of cutting room coupled with congressmen keeping voters happy makes balancing the budget difficult.”

In part (e) the response earned 1 point for explaining how deficit spending affects the trend in net interest, by stating, “As deficit spending increases, the amount of debt increases. As debt increases the amount of interest [sic] increases.”

Sample: 3B
Score: 3

In part (a) the response earned 1 point for identifying a change in federal spending between 1970 and 2023 (projected) based on the chart by stating, “From the charts we can see a large increase in federal spending on mandatory programs since 1970.”

In part (b) the response did not earn a point for describing the difference between entitlement programs and discretionary programs because the response does not correctly describe entitlement programs.

In part (c) the response earned 1 point for describing one demographic trend that has contributed to changes in entitlement spending by stating, “One demographic trend that is currently influencing entitlement spending is an aging population. Because the populous is getting older, more spending is being allocated to programs such as Social Security and Medicare.”
In part (d) the response did not earn a point for explaining why changes in entitlement spending make balancing the federal budget difficult because the response does not move far enough beyond discussing the normal budgetary process to explain the difficulty in balancing the budget.

In part (e) the response earned 1 point for explaining how deficit spending affects the trend in net interest by stating, “This effects [sic] the net interest on the federal budget, because as the nation’s debt gets larger, interest on that debt will continue to rise.”

Sample: 3C
Score: 1

In part (a) the response earned 1 point for identifying a change in federal spending between 1970 and 2023 (projected) based on the chart by stating, “Total mandatory spending will increase from 38% in 1970 to 77% in 2023.”

In part (b) the response did not earn a point for describing the difference between entitlement programs and discretionary programs because the description of entitlement programs does not include an element of compulsion on the government’s part.

In part (c) the response did not earn a point for describing a demographic trend that has contributed to changes in entitlement spending because the response does not describe a demographic trend; it discusses mandatory program spending.

In part (d) the response did not earn a point because the response does not explain why changes in entitlement spending make it harder to balance the budget; it just identifies the change in entitlement spending.

In part (e) the response did not earn a point for explaining how deficit spending affects the trend in net interest because the response does not explain the impact of borrowing on the amount of net interest.