

Investigating taxes in your life

Students play a game to explore how tax revenues pay for various activities and services they encounter in daily life.

Learning goals

Big idea

Governments use tax revenues to pay for programs, services, and resources that people need.

Essential questions

- What's the connection between taxes and my everyday life?
- What types of resources and services are paid for with tax dollars?

Objectives

- Distinguish between things you encounter in your daily life that are paid for with tax dollars versus private funds
- Identify additional government services, programs, and resources that are paid for with taxes

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

 Financial knowledge and decision-making skills

Grade level: High school (9-12)

Age range: 13-19

Topic: Earn (Paying taxes)

School subject: CTE (Career and technical education), Physical education or health, Social studies or history

Teaching strategy: Gamification, Personalized instruction

Bloom's Taxonomy level: Understand, Evaluate

Activity duration: 15-20 minutes

National Standards for Personal Financial Education, 2021

Earning income: 8-5, 8-6, 8-7, 12-6, 12-7

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

What students will do

- Listen to scenarios from a day in an American teenager's life and determine whether or not each activity or resource presented was paid for with tax money.
- Brainstorm about government services, programs, and resources that are paid for with taxes.

Preparing for this activity

- While it's not necessary, completing the "Becoming familiar with taxes" activity first may make this one more meaningful.
- Print a copy of the "A day in the life of an American teenager" scenarios and answers in this guide to read during the game.
- Create a sign that says "Paid for with tax dollars" and another one that says "Paid for with private funds."
- Hang each sign on opposite ends of the classroom or gym.

What you'll need

THIS TEACHER GUIDE

- **Investigating taxes in your life** (guide)
cfpb_building_block_activities_investigating-taxes-your-life_guide.pdf
- **"A day in the life of an American teenager": Scenarios and answers** (in this guide)

Exploring key financial concepts

Some things in our communities, like houses, stores, and movie theaters, are paid for using funds that are considered private. Private funds come from individuals or companies. The three levels of government in the United States – federal, state, and local – each use taxes to pay for public programs. These are programs that benefit society as a whole. Social Security and Medicare are among the largest programs that the federal government supports through taxes. Federal tax dollars are also used for such things as national defense, education, health care, unemployment compensation, retirement and disability programs, benefits such as food stamps and housing subsidies, medical research, transportation, natural

TIP

Because terms and laws related to taxes change, students should be encouraged to always look for the most up-to-date information.

resource protection and management, pensions for retired military personnel and government workers, and many other important national expenses. State and local governments use tax money to pay for things such as schools, libraries, roads, bridges, firefighters, and police protection.

Teaching this activity

Whole-class introduction

- Ask students to share some types of taxes they've heard of.
 - Answers may include income taxes, sales taxes, or property taxes.
- Read the "Exploring key financial concepts" section to students.
- Be sure students understand key vocabulary:
 - **Income tax:** Federal, state, and local taxes on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Includes both personal and business or corporate income taxes. Not all states and localities have income taxes.
 - **Property tax:** Taxes on property, especially real estate, but also can be on boats, automobiles (often paid along with license fees), recreational vehicles, and business inventories.
 - **Sales tax:** A tax on retail products based on a set percentage of the retail price.
 - **Taxes:** Required payments of money to governments, which use the funds to provide public goods and services for the benefit of the community as a whole.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Group work

- Explain to students that they'll play a game to explore how taxes can affect their daily lives.
- Tell students they'll listen to real-life scenarios that could happen during a typical day in a teenager's life.
- Show students the "Paid for with tax dollars" and "Paid for with private funds" signs on opposite sides of the room or gym.
- Explain that they'll decide whether tax dollars or private funds are involved in the scenario and will indicate their choice by moving to the appropriate sign.
- Direct students to stand in the middle of the designated game area.
 - You also may consider playing this game in the cafeteria or outside.

- After you read each scenario aloud, ask students to decide if they think the scenario describes something that is paid for with tax dollars or private funds.
- Ask them to show their choice by moving quickly toward the appropriate sign.
 - Encourage students to think for themselves and not just “follow the crowd” during the game.
- After all students have made their choice and are standing on one side or the other, engage students in a brief discussion about the scenario.
 - Reveal the answer as part of the discussion.
- When you’re ready for the next scenario, ask students to move back to the middle of the room or space.
- Repeat these steps until you’ve read all the scenarios.

Wrap-up

- Ask students to brainstorm a few other services, programs, and resources that are paid for with tax dollars. This can include things that are paid for with federal, state, or local taxes.
 - Examples may include: Libraries, jails, firefighters, judges, police officers, roads, bridges, parks, courthouses, public officials, interstate highways, education, government agencies, government buildings, government programs, Transportation Security Administration, Coast Guard, Social Security, Medicare, Medicaid, military, etc.
- As a closing activity, ask students to reflect on why they think some things are paid for with public money and others are paid for with private money.

Suggested next steps

Consider searching for other CFPB activities that address the topic of earning, including paying taxes. Suggested activities include “[Understanding jobs, teens, and taxes](#)” and “[Investigating payroll taxes and federal income tax withholding](#)”.

Measuring student learning

Students’ answers during the game and during discussion can give you a sense of their understanding.

The game scenarios provide possible answers for the game. **Keep in mind that students’ answers may vary.** The important thing is for students to have reasonable justification for their answers.

A day in the life of an American teenager: Scenarios and answers

Instructions

- Print the scenarios so you can refer to them during the game.
- Read the information about Jamila aloud.
- Then read each scenario that describes the activities that make up Jamila's day.
- For each scenario, ask students to move quickly to the appropriate sign to indicate whether the activity or resource in the scenario is paid for with taxes or private funds.

Context

Jamila is an American teenager. She's a senior in a public high school. Review the details of a day in her life and decide whether the activity or resource in the scenario is paid for with tax dollars or private funds.

Daily scenarios

Scenario 1. 7:15 am: On a Friday morning in the spring, Jamila stands at the bus stop with her friends waiting for the school bus. Are buses for public school students paid for with taxes?

Answer: Yes. Transportation and education are government-funded.

Scenario 2. 7:30 am: On the way to school, Jamila's school bus passes the new public city park. Are public city parks paid for with taxes?

Answer: Yes. Local parks are often paid for by local or state funding. National parks are paid for through federal funding.

Scenario 3. 8:00 am: Jamila arrives at school and heads to her first class. Are the teachers and staff at her public school paid with tax money?

Answer: Yes. Education is supported through funding by both state and federal government.

Scenario 4. 12:00 pm: Jamila walks to lunch with friends at a local fast-food restaurant. Is this restaurant paid for with taxes?

Answer: No. This is a private business. It's operated with private funds.

Scenario 5. 12:30 pm: On her walk back to school, she notices the local police station is being remodeled. Are police stations paid for with taxes?

Answer: Yes. Police, fire, and other emergency services are paid for with government funding.

Scenario 6. 3:00 pm: After school, Jamila's dad takes her to the Department of Motor Vehicles to get her first driver's license. Is this department paid for with taxes?

Answer: Yes. The Department of Motor Vehicles is a government agency.

Scenario 7: 4:00 pm: Jamila's dad takes the interstate highway to drive them home from the Department of Motor Vehicles. Are interstate highways paid for with taxes?

Answer: Yes. Highways and transportation are paid for through federal and state taxes.

Scenario 8: 4:30 pm: Jamila's dad shows her the insurance card indicating that their family car is insured and that she's been named a driver. Is auto insurance paid for with taxes?

Answer: No. Individual consumers pay for auto insurance.

Scenario 9. 4:45 pm: Jamila walks to the library down the street to return her library books. Are libraries paid for with taxes?

Answer: Yes. Libraries are paid for with tax dollars.

Scenario 10: 6:00 pm: Jamila's dad drops her off at the movie theater so she can see a movie with her friends. Are movie theaters paid for with taxes?

Answer: No. A movie theater is a private business. It is paid for using private funds.