

**State and Local Government Expenditures:  
Where does the Money Go?**

**Overview**

Through this interactive activity, students will understand what services are funded by North Carolina state government as well as county governments.

**Grade**

10

**Course**

Civics and Economics

**North Carolina Essential Standards**

- CE.C&G.2.2 - Summarize the functions of North Carolina state and local governments within the federal system of government (e.g., local charters, maintain a militia, pass ordinances and laws, collect taxes, supervise elections, maintain highways, types of local governments, etc.).
- CE.C&G.2.7 - Analyze contemporary issues and governmental responses at the local, state, and national levels in terms of how they promote the public interest and/or general welfare (e.g., taxes, immigration, naturalization, civil rights, economic development, annexation, redistricting, zoning, national security, health care, etc.)
- CE.E.1.6 - Compare national, state and local economic activity (e.g., resources, wages, production, employment, etc.)

**Essential Questions**

- What services does the state of North Carolina provide to its residents?
- What inferences can one make about the State's priorities from the spending pattern?
- What services do county governments provide to their residents?
- What inferences can one make about the role of county government from these spending patterns?

**Materials**

- Enough individually-wrapped chocolates or candy for each student to have 10 pieces
- Expenditure tents (create by folding a piece of sturdy paper and writing the expenditure area on it)

**Duration**

20 minutes

**Procedure**

1. Before students enter the room, place a basket or bowl of candy (enough for each student to have 10 pieces) in a central location in the classroom. Also, arrange the expenditure tents for education,

HHS, Justice and Public Safety, and Other on a table in front of the classroom; be sure to allow enough room between the tents so that students can place candy near each tent.

2. As students enter the room, direct them to each take 10 pieces of candy. Emphasize that they cannot eat it right away and that they will be redistributing the candy, so it does not matter which candy they select at this point.
3. Provide students with some background on the **state budget**, sharing that the state's largest source of **revenue** is the **state personal income tax**, followed by **sales tax**. Other sources of revenue include **estate tax**, **excise tax**, **corporate income tax**, and fees such as **ABC application fees** and **DWI service fees**. Explain that the State uses these revenues to provide certain services to North Carolinians. Services that the state provides can be divided into four broad categories: **Education, Health and Human Services, Justice and Public Safety, and Other** (note that these categories are displayed on tents at the front of the room). Clarify that the broad categories include the following:
  - Education: K-12 public education, community colleges, and universities
  - Health and Human Services: Medicaid, Office of the Secretary of Health and Human Services, Child Development, NC Health Choice, Department of Public Health, Social Services, Vocational Rehabilitation
  - Justice and Public Safety: corrections, crime control and public safety, Department of Justice, Attorney General, juvenile justice and delinquency Prevention
  - Other: State Health Plan, compensation increases, emergency fund, administration, General Assembly, natural and economic resources, and transportation
4. Ask students to think about how North Carolina State Government allocates its revenues between these four categories. Explain to students that they are going to illustrate their estimates of state spending with the candy that they picked up when they entered the room. Explain that each piece of candy represents 10% of the North Carolina State Budget. Ask students to place their candy in front of each of the four expenditure tents to illustrate what percentage of the state budget they think the category is. For instance, if they think education is 20% of the state budget, they would place two pieces of candy in front of the "Education" tent. It is important that students use all 10 pieces of their candy for the class estimate to be accurate. Reiterate that they will be able to get their candy back after the activity is over.
5. Allow students to place their candy in front of the appropriate expenditure tent. Once all students have placed their candy, estimate the class estimate of state spending.
6. Share that the North Carolina state budget is nearly \$19.7 billion, and funds are allocated as follows:
  - **Education: 35%** -
    - K-12 Public Education: 23.3%
    - Community colleges and university system: 11.7%
  - **Health and Human Services: 39.1%** -
  - **Justice and Public Safety: 6.1%** -

- **Other: 7%**
  - General government: 3%
  - Natural & Economic Resources: 9.7% -
  - Transportation: 7%

7. Ask students to discuss what this budget tells us about the State’s priorities:

- What seems to be the state’s biggest priority?
- What seems to be low on the state’s list of priorities?

If time allows, go through the same activity using a county budget:

8. Ask students to come to the front of the room and re-select 10 pieces of candy. Remove the Justice and Public Safety tent and replace it with the Public Safety tent. Add the General and Debt tents to the table.

9. Provide students with background on county budget, sharing that a county’s largest source of revenue is **property tax**, followed by **funds from state government** (for public schools and Medicaid), and **sales tax**. Explain to students that counties are largely arms of the state, providing many local services that are funded by the state—these services include **social services, public health, mental health, and K-12 public education**. For this reason, county services look a lot like state services. County services can be divided into six broad categories: **Education, Health and Human Services, Public Safety, Other, General, and Debt**. Clarify that the broad categories include the following:

- Education: K-12 public education,
- Health and Human Services: Medicaid, foster care, hospitals, social services, public health, mental health, job training, child support, housing, transportation
- Public Safety: Sheriff’s office, EMS, and fire
- Other : Parks and recreation, solid waste, and libraries
- General: Register of Deeds, elections, building maintenance, tax administration, legal services, salaries and wages
- Debt: Bonds

10. Ask students to think about how counties allocate their revenues between these six categories. Explain that they will be doing the same activity with the county budget as they did with the state budget.

11. Allow students to place their candy in front of the appropriate expenditure tent. Once all students have placed their candy, estimate the class estimate of county spending.

12. Share that an average county budget is allocated as follows:

- **Education: 29%**
- **Human Services: 21%**
- **Public Safety: 17%**
- **Other: 12%**

- **Debt: 12%**
- **General: 9%**

13. Ask students to discuss what this budget tells us about county priorities:

- How does county spending differ from state spending? How is it similar?

14. Collect all of the candy; teachers can allow the students to enjoy a few pieces at this point for their hard work on understanding the budget.