CHAPTER 11 - BUDGET POLICY: THE COST OF DIVERSITY

TEST BANK

MULTIPLE CHOICE QUESTIONS

1. A budget is a plan specifying
    A. the top priorities of interest groups.
    B. revenues and expenditures.
    C. a governor's top priorities.
    D. tax increases.

2. Historic commitment to low-cost higher education is an example of budgeting as a(n)
    A. contract.
    B. premier policy statement.
    C. political statement.
    D. reflection of the state.

3. Which does NOT describe the characteristics of California's economy?
    A. It is not subject to the same ups and downs as the national economy.
    B. California's bad times seem to be very bad.
    C. The state economy affects different regions in different ways.
    D. Demographics explain some of the differences in income levels.

4. The term referring to budget decision making is
    A. Department of Finance.
    B. legislative process.
    C. budget process.
    D. appropriation process.

5. Basing decisions on what was spent the year before is
    A. incrementalism.
    B. gridlock.
    C. budget planning.
    D. historical practice.

6.   The planning stage of the state budget is dominated by the governor and the
      A.   legislature.
      B.   bureaucracy.
      C.   group known as the Big Five.
      D.   state supreme court.

7.   Budget leadership is exercised by the Big Five, consisting of the governor and legislative
      A.   committee chairs.
      B.   staff members.
      C.   party leaders.
      D.   majority leaders.

8.   The percentage of votes needed to pass the state budget is a
      A.   simple majority vote.
      B.   two-thirds vote.
      C.   three-fourths vote.
      D.   unanimous vote.

9.   Cruise control spending refers to spending decisions that
      A.   are relatively automatic.
      B.   require voter approval.
      C.   avoid recorded votes.
      D.   depend on the economy.

10.   Setting aside certain revenues for certain purposes is
      A.   earmarking.
      B.   impounding.
      C.   sequestering.
      D.   tagging.

11.   From the government's view, the easiest tax to collect is
      A.   the property tax.
      B.   the sales tax.
      C.   the state income tax.
      D.   a parking ticket fine.

12.   A regressive tax addresses the tax criterion of
        A.   yield.
        B.   accountability.
        C.   acceptability.
        D.   equity.

13.   Since local governments are dependent upon the adoption of the state budget, they
        A.   do not include state aid in their budgets.
        B.   overestimate their state aid.
        C.   budget with guesses about their state aid.
        D.   None of the above is correct.

14.   The largest source of revenue for the state is the
        A.   personal income tax.
        B.   sales tax.
        C.   lottery.
        D.   corporate tax.

15.   The second largest source of state revenue is the
        A.   personal income tax.
        B.   sales tax.
        C.   lottery.
        D.   corporate tax.

16.   A state "sin" tax is also a
        A.   corporate tax.
        B.   sales tax.
        C.   excise tax.
        D.   income tax.

17.   The three highest state spending areas do NOT include
        A.   highways.
        B.   education.
        C.   prisons.
        D.   health care.

18.   On average, the largest expenditures for cities are
      A.   public safety.
      B.   public utilities.
      C.   community development.
      D.   for culture and leisure.

19.   On average, the largest expenditures for counties are
      A.   public protection.
      B.   health and sanitation.
      C.   public assistance.
      D.   general government.

20.   Which of the following is one of the state's central budget problems?
      A.   Budget gridlock
      B.   Structural deficits
      C.   The absence of long-term budget planning
      D.   All of the above are correct.