

## **First Day Pop Quiz**

### **Teaching Tip for Encouraging Class Participation from Tim Rupert**

**Purpose:** The exercise is designed to get students interacting right from the start of class. The assignment also allows me to follow up on their responses in later classes when we introduce some tax policy issues, so that the discussion already has some direction.

**Implementation:** The exercise is passed out on the first day, right after I go over the syllabus and course expectations with the students. The exercise takes about 10 minutes of class time. I ask the students to complete the exercise individually.

Expect that students will be reluctant to answer. A typical reaction is “I don’t know that much about our tax system, so I can’t fill this out.” I usually introduce the assignment by explaining, “I would guess that you all probably have different levels of familiarity with our tax system. Some of you may have studied something about taxes before. Some of you may have prepared your own taxes. I want to see what you as a class think about our tax system. I know that you won’t have the correct answers for many of the questions on this sheet, but the point is not to see what you already know about our tax system, but to see what you think about our tax system, so please try to answer each question. Take a guess.”

Invariably, some students will try to pass the sheet back in with very little filled out. I usually hand it back and ask them to try to take a guess (but I don’t push this very hard if they are really reluctant). However, I won’t accept any sheet back unless they fill out all of the responses to the column with what the “Marginal Tax Rate SHOULD BE.” I explain to them that this is a question that is only asking for their opinion so there is no right or wrong.

**Benefits:** While some students are reluctant to answer, I also find that it engages the curiosity of a good portion of the class. As soon as I collect them, usually a number of students will ask, “What are the answers?” I explain that we will be discussing the answers over the next two weeks of class as we cover the material in our introduction to the course. Typically, I cover at least one of the questions in the first class (usually either the tax gap or the IRS audit rate). I will usually call on a series of students and ask them what they thought it was. Because they’ve seen the question and have already provided a guess, they are usually more willing to participate.

The project also allows for later follow up. A few classes later, I talk about the policy choices that the government has to make in setting the tax rate structure. Between the time that I collect the “pop quiz” and this class session, I go through the students’ responses to what they think the marginal tax rates should be and classify them as proportional, slightly progressive or highly progressive. In guiding the tax rate structure discussion in class, I will call on students from each of these categories and ask about their reasons for suggesting this type of rate structure. This usually allows for some spirited discussion and debate about the best way to structure our tax system.

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

1. The marginal tax rate is the rate at which the next dollar of income is taxed. As an example, if a taxpayer earned one additional dollar of income and had to pay \$.99 of that additional dollar in income taxes, the taxpayer's marginal tax rate would be 99%. Estimate the marginal tax rate for each of the following single taxpayers. In addition, indicate what you believe the marginal tax rate should be for federal income tax purposes.

Single Taxpayers with Taxable Income of:	<u>ACTUAL Marginal Tax Rate</u>	<u>Marginal Tax Rate SHOULD BE</u>
\$15,000	_____ %	_____ %
\$35,000	_____ %	_____ %
\$150,000	_____ %	_____ %
\$400,000	_____ %	_____ %
\$1,000,000	_____ %	_____ %

2. What percentage of the people would you guess get audited by the IRS each year?

\_\_\_\_\_ %

3. What percentage of taxpayers would you estimate uses a paid tax preparer to file their federal income tax?

\_\_\_\_\_ %

4. What would you estimate is the cost to the average business of preparing the paperwork, etc. to comply with the tax law?

\$ \_\_\_\_\_

5. The tax gap is defined as the difference between the taxes collected by the IRS and the amount that is actually owed. What would you estimate is the dollar amount of the tax gap each year?

\$ \_\_\_\_\_

6. On a scale from 1 (fair) to 7 (unfair), how would you rate the U.S. federal income tax system?

\_\_\_\_\_

7. Thinking about the U.S. system in comparison with the tax system of other countries, how fair would you rate the U.S. system on a scale from 1 (more fair than the tax system of other countries) to 7 (less fair than the tax system of other countries)?

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