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| Central Florida assessment collaborative |
| Individual Test Item Specifications |
| American Economic Experience |
| 2014 |

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**Table of Contents**

I. Guide to the Individual Benchmark Specifications ..................................................................... 1

Benchmark Classification System............................................................................................... 1

Definitions of Benchmark Specifications ................................................................................... 3

II. Individual Benchmark Specifications ........................................................................................ 4

**I. Guide to the Individual Benchmark Specifications**

Content specific guidelines are given in the *Individual Benchmark Specifications* for each course. The *Specifications* contains specific information about the alignment of items with the NGSSS and the Florida Standards. It identifies the manner in which each benchmark is assessed, provides content limits and stimulus attributes for each benchmark, and gives specific information about content, item types, and response attributes.

**Benchmark Classification System**

Each NGSSS benchmark is labeled with a system of letters and numbers.

 The two letters in the *first position* of the label identify the **Subject Area**.

 The number(s) in the *second position* represents the **Grade Level**.

 The letter in the *third position* represents the **Strand** or **Body of Knowledge.**

 The number in the *fourth position* represents the **Standard**.

 The number in the *last position* identifies the specific **Benchmark**.



Each MAFS benchmark is labeled with a system of letters and numbers.

 The four letters in the *first position* of the label identify the **Subject**.

 The number(s) in the *second position* represents the **Grade Level**.

 The letter(s) in the *third position* represents the **Category**.

 The number in the *fourth position* shows the **Domain**.

 The number in the *fifth position* identifies the **Cluster**.

 The number in the *last position* identifies the specific **Benchmark**.



**Definitions of Benchmark Specifications**

The *Individual Benchmark Specifications* provides standard-specific guidance for assessment item development for CFAC item banks. For each benchmark assessed, the following information is provided.

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| **Reporting Category** | is a grouping of related benchmarks that can be used to summarize and report achievement. |
| **Standard** | refers to the standard statement presented in the NGSSS or in the Florida Standards. |
| **Benchmark****Also Assesses** | refers to the benchmark statement presented in the NGSSS or standard statement in the Florida Standards. In some cases, two or more related benchmarks are grouped together because the assessment of one benchmark addresses another benchmark. Such groupings are indicated in the Also Assesses statement.refers to the benchmarks that are closely related to the benchmark (see description above) |
| **Item Types****Cognitive****Complexity** | are used to assess the benchmark or group of benchmark.ideal level at which item should be assessed. |
| **Benchmark Clarifications** | explain how achievement of the benchmark will be demonstrated by students. In other words, the clarification statements explain what the student will do when responding to questions. |
| **Content Limits** | define the range of content knowledge and that should be assessed in the items for the benchmark.  |
| **Stimulus Attributes** | define the types of stimulus materials that should be used in the items, including the appropriate use of graphic materials and item context or content. |
| **Response Attributes****Content Focus** | define the characteristics of the answers that a student must choose or provide.defines the content measured by each test item. Content focus addresses the broad content and skills associated with the examples found in the standards, benchmarks, or benchmark clarifications.  |
| **Sample Items** | are provided for each type of question assessed. The correct answer for all sample items is provided.  |

**II. Individual Benchmark Specifications**

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| **Reporting Category** | Economic Decision Making & Economic Systems |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.1 |
| **Benchmark** | Identify the factors of production and why they are necessary for the production of goods and services. |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will identify the factors of production, including human and physical capital. Students will analyze why the factors of production are necessary for the production of goods and services. Students will explain how an entrepreneur uses land, labor, and capital to create a product. |
| **Content Limits** | Items should use examples of land, labor, and capital for identification. |
| **Stimulus Attribute** | Items focusing on factors of production should use actual examples of the factors (wood--land, experience--human capital). |
| **Content Focus** | Factors of production: land, labor, capital, entrepreneurship. |
| **Sample Item** | 1. Which of the following are factors of production?  A. Inputs into the production process B. Social, and political conditions that affect production C. The physical relationships between economic inputs and outputs.  D. The mathematical calculations firms make to determine production. ANSWER: **A**2. Which of the following would constitute "land" under the factors of production?  A. steel, iron bars, factories.  B. oil, trees, water.  C. money, loans, financing.  D. education, technical skills, experience.ANSWER: **B** |

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| **Reporting Category** | Economic Decision Making & Economic Systems |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.2 |
| **Benchmark** | Analyze production possibilities curves to explain choice, scarcity, and opportunity costs. |
| **Also Assesses** | SS.912.E.3.2  |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will analyze a PPC to explain the choices an economy must make regarding its production given a limited amount of natural and capital resources, including efficiency (points along the PPC where all resources are being used) and inefficiency (points inside the PPC where not all resources are being used--underutilization). Students will use the PPC to explain how the limited amount of natural and capital resources demonstrate scarcity in that an economy cannot expand past its production possibilities alone. Students will use the PPC to demonstrate the concept of opportunity cost, where choosing one item of production necessarily indicates a reduction of production in the other. Students will use the PPC to illustrate the law of increasing opportunity costs, where a business switches from one item of production to another, it costs more and more to do so. Students will be able to determine points of efficiency, inefficiency, and impossibility on a PPC. Students will identify a recession by looking at a PPC. |
| **Content Limits** | Items should require graph analysis. PPC's may be concave and unlabeled except for points showing inefficiency, efficiency, and/or impossibility.PPCs should show two goods and various numbered points. |
| **Stimulus Attribute** | Items must include a PPC in order to meet this benchmark. Example: http://www.shmoop.com/economic-principles/production-possibilities.html |
| **Content Focus** | Production Possibilities Curve (also known as a Production Possibilities Frontier) and its elements: underutilization, curve/frontier, outside of production possibilities, law of increasing opportunity costs. |
| **Sample Item** | Using the graph above (<http://www.shmoop.com/economic-principles/production-possibilities.html>) what does point X represent? A. inefficiency, where not all resources are being used in the economy. B. efficiency, where all resources are being used in the economy. C. the correct amount of resources that should be used to make both refrigerators and cars. D. impossibility, because the resources of this economy are already used to their maximum potential. ANSWER: **A** |

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| **Reporting Category** | Economic Decision Making & Economic Systems |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.3 |
| **Benchmark** | Compare how the various economic systems (traditional, market, command, mixed) answer the questions: (1) What to produce? (2) How to produce? and (3) For whom to produce? |
| **Also Assesses** | SS.912.G.2.2 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will demonstrate that economic systems in general are designed to answer specific economic questions; namely, what to produce, how to produce it, and for whom to produce the product. Students will identify characteristics of each economic system. Students will identify how each economic system answers the economic questions. Students will be able to compare how one economic system answers the economic questions versus another. |
| **Content Limits** | Items should include specific identifying characteristics of each economic system. |
| **Stimulus Attribute** | Items may include a short list or table of attributes that would indicate a particular economic system (e.g. In the following economy, we see the following attributes of a particular system: government control over resources, government control over economic decisions, etc.) |
| **Content Focus** | Economic systems, basic economic questions, traditional market, free market, command economy, centrally-planned economy, mixed economy, socialism, and communism. |
| **Sample Item** | 1. In which economic system does the government have no say in what, how, and for whom goods are produced, with the factors of production owned by individuals?  A. command economy  B. mixed economy.  C. traditional economy.  D. market economy. ANSWER: **D**2. Which choice is correct about economic decisions in a mixed economy?A. all economic decisions are made by individuals and firms B. all economic decisions are made by the government C. economic decisions are made by individuals and firms, with limited government intervention B. economic decisions are made by individuals and firms, with significant government intervention.ANSWER: **C** |

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| **Reporting Category** | Supply, Demand, and Equilibrium |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.4 |
| **Benchmark** | Define *supply*, *demand*, *quantity* *supplied*, and *quantity demanded*; graphically illustrate situations that would cause changes in each, and demonstrate how the equilibrium price of a product is determined by the interaction of supply and demand in the market place. |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will define *demand* and *quantity demanded*. Students will be able to explain the difference *demand* and *quantity demanded*. Students will define *supply* and *quantity supplied.* Students will be able to explain the difference between the two. Students will graph and read a graph of a *demand curve*. Students will graph and read a graph of a *supply curve*. Students will illustrate situations which would cause a movement along a demand curve. 6. Students will illustrate situations which would cause a movement along a supply curve. 7. Students will illustrate situations which would cause a shift of a demand curve. Students will illustrate situations which would cause a shift of the supply curve. Students will combine a supply and demand curve to demonstrate an equilibrium price of a product. Students will use a supply and demand graph to illustrate how prices are determined, particularly through the elimination of surplus and shortages.  |
| **Content Limits** | Items should include demand and supply graphs for analysis, where appropriate. |
| **Stimulus Attribute** | Items may include supply and demand schedules to accompany graphs, but not in isolation because the benchmark specifically states "graphically." Items should not include supply and demand schedules alone. Items should be consistent in language throughout; if "market price" is used initially instead of "equilibrium price," then the item should continue to use the original language. |
| **Content Focus** | Demand, quantity demanded, supply, quantity supplied, equilibrium, price, quantity, market shortage, surplus, excess supply, excess demand, demand curve, supply curve, equilibrium price, market price. |
| **Sample Item** | 1. Which of the following best describes the law of demand?  A. As the quantity demanded rises, the price rises  B. As the price rises, the quantity demanded rises  C. As the price rises, the quantity demanded falls  D. As supply rises, the demand rises ANSWER: **C**2. Using the graph above (<http://www.netmba.com/econ/micro/supply-demand>) answer the following question. The price for Coca-Cola is currently $1, which is below equilibrium of $2.25. What should Coca-Cola company do in order to meet the market price of $2.25?  A. Increase price  B. Decrease price.  C. Increase production of Coca-Cola.  D. Increase advertising.ANSWER: **B** |

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| **Reporting Category** | Business Organizations |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.5 |
| **Benchmark** | Compare different forms of business organizations. |
| **Also Assesses** | Not Applicable. |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will define and identify characteristics of a sole proprietorships, partnerships, corporations, and limited liability corporations. Students will identify advantages of sole proprietorships, partnerships, corporations, and limited liability corporations. Students will identify disadvantages of sole proprietorships, partnerships, corporations, and limited liability corporations. Students will identify characteristics of general partnerships, limited partnerships, and limited liability partnerships. Students will identify characteristics of closely-held corporation (oftentimes an S corporation), a publicly-held corporation (oftentimes a C corporation), and a limited liability corporation. |
| **Content Limits** | Items should include specific identifying characteristics of each business organization where appropriate. |
| **Stimulus Attribute** | Items may include a short list or table of attributes that would indicate a particular business organization (e.g. little to no paperwork, complete control of the company, complete access to profits...What would Bob want as his business organization?) |
| **Content Focus** | Sole proprietor, sole proprietorship, partner, partnership, general partner(ship), limited partner(ship), limited liability partner(ship), limited liability, corporation, closely-held, publicly-held, limited liability corporation, stock, bond. |
| **Sample Item** | Heather, a Corporate Lawyer, wants to open a new consulting firm offering her services. She's interested in getting her business up and running immediately, without having excessive amounts of paperwork or regulation. She also wants to keep all of the profit and have complete control of her business. What should Heather open her business as? A. sole proprietorship B. partnership C. corporation  D. limited-liability corporation.ANSWER: **B** |

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| **Reporting Category** | Market Structures: Perfect Competition, Monopoly, Oligopoly, and Monopolistic Competition |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.6 |
| **Benchmark** | Compare the basic characteristics of the four market structures (monopoly, oligopoly, monopolistic competition, pure competition). |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice, Matching Column |
| **Benchmark Clarifications** | Students will recognize the distinguishing characteristics of the four market structures from one another and be able to compare/contrast between them. |
| **Content Limits** | Monopolies' characteristics should be limited to one seller, one product with no substitute, barriers to entry, and control over price. Perfect competition's characteristics should be limited to large market (many buyers and sellers,) same product, no control over price, easy entry and exit into market, and informed buyers and sellers. Oligopoly's characteristics should be limited to a few firms that dominate the industry, barriers to entry, some control over price, and some variety of goods. Monopolistic competition's characteristics should be limited to many firms, some variety of goods, little control over prices, and low barriers to entry. Questions may also give examples found in the market structure such as wheat and shares of stock for perfect competition, clothing and cosmetics for monopolistic competition, soda pop, domestic vehicles, cereals, airlines for oligopoly, and public water or utilities for monopolies. |
| **Stimulus Attribute** | Items may include matching items. |
| **Content Focus** | The focus should be on the four market structures and how they interact with consumers. |
| **Sample Item** | Country X has limited natural resources and must import all of its oil from a single provider. This relationship demonstrates which of the following market structures for oil in country X?  A. monopoly  B. monopolistic competition  C. oligopoly  D. pure competitionANSWER: **A** |

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| **Reporting Category** | Supply, Demand & Equilibrium |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.7 |
| **Benchmark** | Graph and explain how firms determine price and output through marginal cost analysis. |
| **Also Assesses** | SS.912.E.1.8, SS.912.E.1.1 |
| **Item Types** | Extended Response and Multiple Choice |
| **Benchmark Clarifications** | Students will graph and explain how firms determine price and output through marginal cost analysis. |
| **Content Limits** | Students will not be required to interpret graphs other than diminishing marginal returns. Students will not be required to calculate variable cost or total cost. |
| **Stimulus Attribute** | Items may include graphs of diminishing marginal returns. Items may also use flow charts to illustrate marginal analysis. Items may also use tables and charts. |
| **Content Focus** | Other items may include, but are not limited to: cost/benefit analysis, marginal benefit, marginal product of labor, increasing marginal returns, diminishing marginal returns, variable cost, and total cost. |
| **Sample Item** | Students will interpret a table showing labor (number of workers), output (how much product for example shoes, produced in an hour) and marginal product of labor. 1. In order to maximize marginal returns, how many workers should the factory have making these shoes?
2. How many workers does it take to create the highest marginal returns?
3. At what point, does the marginal product of labor become negative and why?

Reminder: The items may be EXTENDED RESPONSE or MULTIPLE CHOICE.  |

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| **Reporting Category** | Economic Decision making and Economic systems |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.8 |
| **Benchmark** | Explain ways firms engage in price and nonprice competition. |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will be able to recognize price discrimination and nonprice competition. |
| **Content Limits** | Price discrimination should be limited to discounted fares (for air travel,) manufacturer's rebate offers, senior citizen or student discounts, and children fly/stay/eat free promotions. Nonprice competition should be limited to physical characteristics, location, service level, advertising, image, and/or status. |
| **Stimulus Attribute** | Items may include charts, promotions ("Buy one meal/get a kid's meal free), pictures, or advertisements. |
| **Content Focus** | The focus should relate to deals and discounts as methods of price competition and on differing physical characteristics for products, advertising, location, or service level as methods of nonprice competition. |
| **Sample Item** | 1. Which of the following would be an example of non-price competition?  A. Offering a specific discount for senior citizens at a local diner.  B. Having a sale for new and used cars.  C. Producer making their product physically distinctive to attract customers. D. Listing a good on an auction site at a substantial reduction in price. ANSWER: **C**2. Offering a discount through price discrimination requires that the good be1. fresh and new
2. a good that can be consumed immediately
3. used and old
4. a good that the consumer can’t find anywhere else

ANSWER: **B** |

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| **Reporting Category** | Supply and Demand |
| **Standard** |  |
| **Benchmark Number** | SS.912.E.1.9 |
| **Benchmark** | Describe how the earnings of workers are determined. |
| **Also Assesses** | SS.912.E.1.4 (See note in Content Focus) |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will demonstrate how workers' earnings are tied to the nature of the profession (skilled vs unskilled labor) as well as supply and demand factors that affect wages. |
| **Content Limits** | Content should be limited to questions that relate to skill, type of job, location, market value of the product produced, worker's productivity, and minimum wage as factors that determine wages. |
| **Stimulus Attribute** | Items may include graphing items. |
| **Content Focus** | The focus should relate to workers’ earnings based on supply and demand in the labor market, not the other way around to keep the focus on this specific benchmark without accidently introducing other assessable items. |
| **Sample Item** | With increasing rates of degenerative brain diseases in the United States there is an increasing need for highly qualified brain surgeons. Which of the following explains why brain surgeons are so highly paid?1. There is a high demand for their skills but a very low supply
2. There is a low demand for their skills but a high supply
3. The job is very dangerous to the surgeon so employers must pay higher wages to attract them
4. There is low prestige associated with the job.

ANSWER: **A** |

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| **Reporting Category** | Fiscal and monetary policy |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.10 |
| **Benchmark** | Explain the use of fiscal policy (taxation, spending) to promote price stability, full employment, and economic growth. |
| **Also Assesses** | SS.912.E.1.12 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will be able to prescribe the correct fiscal policy (raising taxes and/or lowering government spending to promote price stability). They will also be able to prescribe the correct fiscal policy (lowering taxes and/or raising government spending to promote full employment and growth). Students may use a business cycle graph to choose the correct phase in which to enact a particular fiscal policy. |
| **Content Limits** | Fiscal policy should be limited to Congress lowering taxes and/or raising government spending (through tax rebates, job training programs, etc.) to promote full employment and economic growth or to stop a recession and raising taxes or lowering government spending to promote price stability or to stop a recession. |
| **Stimulus Attribute** | Items may include graphs. |
| **Content Focus** | The focus should relate to choosing the correct fiscal policy to correct recession (lowering taxes, and /or raising government spending) or to correct inflation (raising taxes, and/or lowering government spending). |
| **Sample Item** | Which is the best fiscal policy for Congress to implement in order to stop inflation? 1. Lower taxes and increase government spending
2. Raise taxes and lower government spending
3. Sell securities on the open market.
4. Buy securities on the open market.

 ANSWER: **B** |

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| **Reporting Category** | Fiscal and monetary policy |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.11 |
| **Benchmark** | Explain how the Federal Reserve uses the tools of monetary policy (discount rate, reserve requirement, open market operations) to promote price stability, full employment, and economic growth. |
| **Also Assesses** | SS.912.E.1.10 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will assess how the Federal Reserve uses the tools of monetary policy to promote price stability, full employment, and economic growth.  |
| **Content Limits** | Content should be limited to questions in which the student matches buying and selling bonds, raising/lowering the reserve requirement, and raising/lowering the discount rate to stopping inflation or recession. |
| **Stimulus Attribute** | Items may include graphs. |
| **Content Focus** | Other items may include, but are not limited to *easy money policy*, *tight money policy*, *interventionist policy*, and *laissez-faire policy*.  |
| **Sample Item** | In late 1995 and early 1996, the Federal Reserve System reduced interest rates, which is the price which borrowers pay. What was the Federal Reserve System trying to solve a/an 1. inflationary situation
2. recession
3. recovery
4. expansion

ANSWER: **B** |

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| **Reporting Category** | Gross domestic product, unemployment, and inflation |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.12 |
| **Benchmark** | Examine the four phases of the business cycle (peak, contraction - unemployment, trough, expansion - inflation). |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice and Short Answer |
| **Benchmark Clarifications** | Students will be able to recognize which phase of the business cycle a firm is in based on real gross domestic product (GDP) |
| **Content Limits** | The question must be consistent with its wording and labeling of terms. While contraction, unemployment / expansion, and inflation refer to the same situation, the wording in the question must choose one of the possible terms (ideally consistent with the textbook used in that district). |
| **Stimulus Attribute** | May include graphs. |
| **Content Focus** | The question must focus on the business cycle itself and lose focus by testing the students’ understanding of real GDP. |
| **Sample Item** | The national economy has been in recession for the past two quarters. Recently, the recession has begun to level off and it is believed that the worse is over. Which of the following indicates the phase of the business cycle? 1. peak
2. contraction
3. expansion
4. trough

ANSWER: **D** |

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| **Reporting Category** | Money, banking, and investment |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.13 |
| **Benchmark** | Explain the basic functions and characteristics of *money* and describe the composition of the money supply in the United States. |
| **Also Assesses** | SS.912.E.1.14 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will identify the basic functions and characteristics of money including durability, portability, divisibility, uniformity, limited supply, and acceptability. |
| **Content Limits** | Characteristics questions should be limited to the following: portable, durable, divisible, stable in value, scarce, and acceptable. Types of money should be limited to commodity, representative, or fiat. |
| **Stimulus Attribute** | Stimulus could be a drawing of gold, paper money, and money that says something like, "redeemable for 1 ounce of gold." |
| **Content Focus** | Other items may include, but are not limited to: durability, portability, divisibility, uniformity, limited supply, acceptability, commodity money, representative money, and flat money, |
| **Sample Item** | 1. Which type of *money* does the United States of America utilize? A. commodity  B. representative  C. fiat D. commodity-backedANSWER: **C** *This will be hard to read through because I can't soft return in this cell, but put a table together that indicates the following:* **Checking Deposits $1,000**; **Savings $1,500**; **Traveler's Checks $260**; **Cash $2,500**; **Money Market Funds $3,800**. (Given the table above)2. Using the data in the chart above calculate the value of M1 money supply. A. $3,800 B. $3,760 C. $6,000 D. $2,500ANSWER: **C**1. Gold is an example of which type of money?

 A. commodity  B. representative  C. fiat D. commodity-backed |

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| **Reporting Category** | Money, banking, and investment |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.14 |
| **Benchmark** | Compare credit, savings, and investment services available to the consumer from financial institutions. |
| **Also Assesses** | SS.912.E.1.15 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will compare and contrast services provided by different financial institutions. Students will assess credit, savings, and investment services available to consumers and identify their benefits. |
| **Content Limits** | ACH questions should be limited to the function of the ACH in order to provide that payments are automatically deducted from a checking account. Savings account, money market accounts, and CD questions should be limited to question concerns which pay the most/least interest. Fractional reserve banking questions should be limited to definitions or examples of fractional reserve banking. Default questions should also be limited to definition questions. |
| **Stimulus Attribute** | Stimulus may include tables. |
| **Content Focus** | Other items may include, but are not limited to *savings account*, *checking account, money market account*, *certificate of deposit (CD)*, *fractional reserve banking*, *supply*, *demand and equilibrium*, *default*, *mortgage*, *credit card*, *interest*, *principal*, *commercial banks*, *Savings and Loans Associations*, *savings banks*, *credit unions*, *finance companies*, *Automated Teller Machines (ATMs)*, *debit cards*, *home banking*, *Automated Clearing Houses (ACHs)*, and *store-value cards*. |
| **Sample Item** | 1. Which of the following investments has the highest investment risk?
2. Bonds
3. Stocks
4. Annuities
5. Certificates of Deposit.

ANSWER: **C** 2. Why do money market funds use diversification when selecting stocks and bonds for investment?  A. To spread the risk of investing so that the investor's funds have some protection B. To provide the investor with a healthy variety of stocks. C. To gouge and confuse investors. D. To increase the investor's return on investment. ANSWER: **B** |

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| **Reporting Category** | Money, banking, and investment |
| **Standard** | SS.912.E.1 |
| **Benchmark Number** | SS.912.E.1.15 |
| **Benchmark** | Describe the risk and return profiles of various investment vehicles and the importance of diversification. |
| **Also Assesses** | SS.912.E.1.14 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will assess the importance of diversification by identifying different methods of investment opportunities. Students will choose appropriate investment option based on risk and return profiles. |
| **Content Limits** | Diversification examples should be limited to stocks, bonds, savings accounts, mutual funds, money market deposit accounts, certificates of deposit. Bond questions are limited to definition and risk and should not cover coupons. Stocks questions are limited to types of stock (common or preferred), how to buy stock, risk of stock, and the two ways to make money in stock (dividends and capital gains.) Capital gains and losses may be covered. |
| **Stimulus Attribute** | Stimulus could provide a list of investment vehicles such as CDs, stocks, and bonds. The item may require the students to rank according to risk. |
| **Content Focus** | Investment recommendations, investment portfolios, variance over time, degree of risk, and saving for goals such as children's education. |
| **Sample Item** | 1. Which of the following investments has the highest investment risk?
2. Bonds
3. Stocks
4. Annuities
5. Certificates of Deposit

ANSWER: **C** 1. Why do money market funds use diversification when selecting stocks and bonds for investment?
2. To spread the risk of investing so that the investor's funds have some protection
3. To provide the investor with a healthy variety of stocks.
4. To gouge the customer financially.
5. To increase the investor's return on investment.

ANSWER: **B** |

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| **Reporting Category** | Supply, demand, and equilibrium |
| **Standard** | SS.912.E.2 |
| **Benchmark Number** | SS.912.E.2.4 |
| **Benchmark** | Diagram and explain the problems that occur when government institutes *wage* and *price* controls, and explain the rationale for these controls. |
| **Also Assesses** | SS.912.E.1.4  |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students should be able to determine that a surplus occurs when the government institutes a price floor (such as minimum wage), and a shortage occurs when the government institutes a price ceiling (such as rent control). Students should also be able to determine that wage controls such as a minimum wage were put in place to aid lower income workers, but in fact result in a surplus of workers who will no longer find employment. Students should also be able to determine that price controls, such as maximum rent were put in place to aid lower income workers, but in fact result in a shortage of available housing. Students should also be able to identify a price ceiling or a price floor on a supply and demand graph. |
| **Content Limits** | Examples should be limited to rent control (a limit to the maximum rent chargeable) for price controls and minimum wage for wage control. Graph examples should be limited to a supply and demand graph with a price floor and/or price ceiling. |
| **Stimulus Attribute** | Supply and demand graph with price floor and/or price ceiling. |
| **Content Focus** | Items should include reasons for instituting rent controls and the resulting shortage in housing, reasons for instituting minimum wage and the resulting surplus in unemployed workers. Items may also include identification of surplus, shortage, price ceilings, and price floors on a supply and demand graph. |
| **Sample Item** | 1. Why does a government place price ceilings, such as rent control, on some *essential* goods?  A. to prevent the development of a black market  B. to encourage an increase in supply of necessary items C. to limit the impact of equilibrium pricing D. to help reduce demand for these goods.ANSWER: **C**1. Which of the following are ways the government controls markets?

 A. price ceilings and price floors B. equilibrium price and equilibrium point C. shortages and surpluses D. subsidies and disequilibrium.ANSWER: **A** |

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| **Reporting Category** | Fiscal and Monetary policy |
| **Standard** | SS.912.E.2 |
| **Benchmark Number** | SS.912.E.2.5 |
| **Benchmark** | Analyze how capital investments may impact productivity and economic growth. |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students should be able to determine that adding capital to the economy adds to productivity. They should also demonstrate that they know that adding capital includes updating or adding to machinery, facilities, or other parts of the physical plant. |
| **Content Limits** | Items should require students to differentiate among factors of production.  |
| **Stimulus Attribute** | Stimulus may include charts, tables, graphs, and other visuals. |
| **Content Focus** | Items may include, but are not limited to increased productivity as a result of increased machinery, new and better facilities, and/or improved tools. |
| **Sample Item** | 1. Which is most likely to happen when the government allocates more capital to improving infrastructure? A. The economy experiences growth. B. The economy experiences recession. C. The economy experiences higher unemployment. D. The economy experiences depression.ANSWER: **A** 2. The XYZ Company has just experienced a significant increase in productivity. This could have been caused by A. increased taxationB. increased capitalC. increased legal requirementsD. increased regulationsANSWER: **A**1. Which of the following improvements can be considered due to increased capital?
2. Improved labor force
3. Improved productivity
4. More savings accounts
5. More natural resources

ANSWER: **B** |

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| **Reporting Category** | Market structures: Perfect Competition, Monopoly, Oligopoly, and Monopolistic competition |
| **Standard** | SS.912.E.2 |
| **Benchmark Number** | SS.912.E.2.6 |
| **Benchmark** | Examine the benefits of natural monopolies and the purposes of government regulation of these monopolies. |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students should be able to determine why natural monopolies are allowed (convenience, avoiding chaos from too many providers for a particular service). They should also be able to show that they know that monopolies do not generally benefit the consumer in price. |
| **Content Limits** | Items should not include government monopolies (roads, stop signs, bridges), geographical monopolies (the only store in a town), or technological monopolies (patents or copyrights). |
| **Stimulus Attribute** | Stimulus may include a cartoon series, graphs, charts, or other visuals. |
| **Content Focus** | Items may include public water systems, telephone services prior to cell phones, cable television companies, electric companies. In essence, any company/service that works most efficiently when one large firm provides all of the output. |
| **Sample Item** | Cable television stations and utilities are all natural monopolies because A. the government believes it is worse to have competing companies digging up customer yards. B. the government believes it improves the economy if monopolies are allowed to develop.C. monopolies give consumers the best prices D. reducing competition creates more jobs.ANSWER: **A** |

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| **Reporting Category** | Fiscal and Monetary policy |
| **Standard** | SS.912.E.2 |
| **Benchmark Number** | SS.912.E.2.7 |
| **Benchmark** | Identify the impact of inflation on society |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | This can be viewed as a cause and effect relationship between inflation and society so items assessing this benchmark could be structured as such. Students should be able to ascertain that inflation causes prices to rise and people to be able to buy fewer items with their money. |
| **Content Limits** | Content should be limited to the effects of inflation on society. Core inflation, deflation, hyperinflation, or disinflation should not be assessed. |
| **Stimulus Attribute** | Graphs could be given that compare rising inflation focused on cost of living versus a smaller, fixed pay raise over a several year period.  |
| **Content Focus** | Items assessing this benchmark must focus on the effects and impacts of inflation on society. Items should not go into the different theories surrounding the causes of inflation; therefore, terms like "demand-pull and cost-push" should be excluded. |
| **Sample Item** | During periods of high inflation creditors often raise interest rates to maintain the level of profits they had before inflation began to rise rapidly. Which of the following does NOT explain how this process may have a slowing effect on the economy's growth? A. Interest rates are higher for mortgages which means less people can afford homes B. Interest on loans are higher making it more expensive for entrepreneurs to start a new business. C. Higher interest rates affect dairy farms causing the price of milk to go down. D. Higher interest rates affect dairy farms causing the price of milk to go down. ANSWER: **C** |

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| **Reporting Category** | Taxation |
| **Standard** | SS.912.E.2 |
| **Benchmark Number** | SS.912.E.2.8 |
| **Benchmark** | Differentiate between direct and indirect taxes, and describe the progressivity of taxes (progressive, proportional, regressive). |
| **Also Assesses** | Not Applicable. |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students should be able to differentiate between direct and indirect taxes and be able to distinguish characteristics of taxes that can be labeled progressive, proportional, and regressive. |
| **Content Limits** | Content should be limited to tables demonstrating progressivity of taxes, or text based questions based on knowledge of subject. |
| **Stimulus Attribute** | Tables with increasing rates of income tax based on income may be utilized. |
| **Content Focus** | Students should be able to ascertain that a person pays more taxes when his or her income rises the tax is progressive, and if a person pays less taxes when his or her income rises it is regressive. |
| **Sample Item** | Which choice illustrates a progressive tax?A. the tax rate on low-income groups exceeds the tax rate of high-income groupsB. high-income groups pay more taxes absolutely than do low-income groupsC. the tax rate increases as income goes up D. the tax rate is constant, but the absolute amount of taxes paid increases, as income increasesANSWER: **C** |

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| **Reporting Category** | Taxation |
| **Standard** | SS.912.E.2 |
| **Benchmark Number** | SS.912.E.2.9 |
| **Benchmark** | Analyze how changes in federal spending and taxation affect budget deficits and surpluses and the national debt. |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students should be able to ascertain the difference between budget deficits, surpluses, and the national debt. They should also be able to identify the cause and effects of spending and taxes on the deficit, surplus, and national debt. |
| **Content Limits** | Questions should be limited to what happens to the budget if the government spends money without raising taxes, what happens to the federal budget if the Federal government does not spend all of the money it collected in taxes, and what happens to the national debt if there is a surplus or deficit for the year. |
| **Stimulus Attribute** | News passage indicating that the government is reducing spending, with the item questioning how such a reduction would affect the national debt. |
| **Content Focus** | Students should be able to ascertain the difference between debt and deficit, what happens to create a deficit or surplus, and what the creation of a deficit or surplus would do to the national debt. |
| **Sample Item** | This year, the Federal government spent more than it took in. Which option is a direct result of the Federal government’s spending?1. There was a surplus.
2. There was a deficit and an addition to the national debt.
3. The deficit rose, but the debt stayed the same.
4. Both the debt and the deficit remained the same.

ANSWER: **B** |

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| **Reporting Category** | Fiscal and Monetary Policy |
| **Standard** | SS.912.E.2 |
| **Benchmark Number** | SS.912.E.2.10 |
| **Benchmark** | Describe the organization and functions of the Federal Reserve System. |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students should be able to ascertain the difference between budget deficits, surpluses, and the national debt. Students should be able to identify the cause and effects of spending and taxes on the deficit, surplus, and national debt. |
| **Content Limits** | Questions regarding the organization of the Federal Reserve should be limited to the function of the Federal Open Market Committee, the Federal Board of Governors, and the chairman of the Fed and how they are appointed. |
| **Stimulus Attribute** | Stimulus could be a chart showing check clearing, supervising banks, deciding monetary policy, and providing currency to ATM machines. |
| **Content Focus** | Items assessing this benchmark may focus on the Federal Reserve System's functions as the bank of the Federal government, the supplier of money to ATM machines, the clearer of checks, the controller of the US money supply, and the entity that sets and holds reserve requirements (and that supervises member banks). |
| **Sample Item** | 1. The primary function of the Federal Reserve System is to  a. change government taxes  b. increase government spending.  c. decrease government spending.  d. implement monetary policy.ANSWER: **D** 2. Which organization implements monetary policy?  a. the Federal Reserve System  b. Congress c. the Food and Drug Administration d. the Treasury.ANSWER: **A** |

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| **Reporting Category** | Public goods and externalities |
| **Standard** | SS.912.E.2 |
| **Benchmark Number** | SS.912.E.2.11 |
| **Benchmark** | Assess the economic impact of negative and positive externalities on the local, state, and national environment. |
| **Also Assesses** | Not Applicable. |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Items should focus on such negative externalities as air, noise, and water pollution and their results that harm third parties. Items should also focus on such positive externalities as education, which not only benefit the students but the employer who hires the student because the employer gets a better worker. Another positive externality would be a neighbor that fixes up a run-down house. The neighborhood gets positive externalities because the property values of all of the surrounding houses rises. |
| **Content Limits** | Questions should be cause and effect. Students should be able to identify the impact with the negative externality, or the benefit with the positive externality. |
| **Stimulus Attribute** | Stimulus may include charts or tables. |
| **Content Focus** | Students should also be able to identify what a negative externality is from the question. |
| **Sample Item** | 1. Scientists have noticed that due to a recent oil spill there are fewer fish living in the Mississippi River. Which choice correctly identifies the effect of the oil spill on the Mississippi River?1. negative externality
2. environmental overload
3. positive externality
4. coarse theorem

ANSWER: **A**2. Erika, a graphic designer, went to a job training program last summer and enhanced her  computer skills. Her employer is amazed at her computer graphic skills. What is her  employer experiencing?1. negative externality
2. positive externality
3. a budget deficit
4. a budget surplus

ANSWER: **B** |

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| **Reporting Category** | Economic Decision making and economic systems |
| **Standard** | SS.912.E.2 |
| **Benchmark Number** | SS.912.E.2.12 |
| **Benchmark** | Construct a circular flow diagram for an open-market economy including elements of households, firms, government, financial institutions, product and factor markets, and international trade. |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice, Short Answer, and Extended Response |
| **Benchmark Clarifications** | Items should focus on firms buying labor from households to factor (resource) market, and the households buying goods and services from firms in the goods and services (product) market, or on households selling factors of production in the resource market and firms selling goods and services in the product market. |
| **Content Limits** | Questions should be worded with these guidelines: "Firms" should be followed by the word "businesses." "Factors" should be followed by the word "resources." "Product market" should be followed by the words "goods and services." |
| **Stimulus Attribute** | Stimulus may include charts, tables, graphs, and other visuals. |
| **Content Focus** | Students should identify the flows of money, goods, and services through the factor (resource) markets and the goods (product) markets. |
| **Sample Item** | Which of the following best describes the flow of payments for resources, as shown in this circular flow diagram? C:\Users\wrighth\Downloads\CircularFlowModelForSSTestSpecs.jpgA. households to the firms (businesses.) B. businesses (firms) to the households. C. households to the government. D. transfers to the government. ANSWER: **B** |

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| **Reporting Category** | Gross domestic product, Unemployment, and Inflation |
| **Standard** | SS.912.E.3 |
| **Benchmark Number** | SS.912.E.3.1 |
| **Benchmark** | Demonstrate the impact of inflation on world economies. |
| **Also Assesses** | SS.912.E.1.7 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will demonstrate that inflation causes purchasing power to decrease in any society by identifying inflation as the cause of limited buying. |
| **Content Limits** | Items will not require prior knowledge of world currencies. Items can include tables, charts, and graphics that show a rise in prices, or that show how much of an item can be purchased at two different times with two different prices. |
| **Stimulus Attribute** | Items may include price tables or charts. |
| **Content Focus** | Inflation, impact on imports/exports, gross domestic product (GDP) |
| **Sample Item** | Use the chart above to answer the following questions. Japan is suffering from inflation. What is the result of this inflation? 1. Japanese can buy more gas for their vehicles.
2. Japanese can buy less gas for their vehicles.
3. Japanese can buy the same amount of gas for their vehicles.
4. Japanese will buy more vehicles.

ANSWER: **B** |

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| **Reporting Category** | International Trade |
| **Standard** | SS.912.E.3 |
| **Benchmark Number** | SS.912.E.3.2 |
| **Benchmark** | Examine absolute and comparative advantage, and explain why most trade occurs because of comparative advantage. |
| **Also Assesses** | SS.912.E.1.2 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will have to distinguish between absolute and comparative advantage and their relation to opportunity costs faced by a nation considering its imports/exports. |
| **Content Limits** | Items should focus directly on absolute and comparative advantage; not opportunity costs, PPCs, or factors of production. These are indirectly assessed by the nature of the benchmark itself and do not need to be mentioned in the items. |
| **Stimulus Attribute** | Stimulus may include charts, tables, graphs, and other visuals. |
| **Content Focus** | Comparing the opportunity costs of imports/exports between countries. |
| **Sample Item** | County X can produce 15 million bushels of corn and 30 million bushels of wheat. Country Y can produce 13 million bushels of corn and 15 million bushels of wheat. Based on this information, the leaders of the two counties decided that County X will produce only wheat while County Y will produce only corn. Which of the following terms describes why the leaders made this decision?1. Absolute advantage
2. Comparative advantage
3. Price floor
4. Inflation

ANSWER: **B** |

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| **Reporting Category** | International Trade |
| **Standard** | SS.912.E.3 |
| **Benchmark Number** | SS.912.E.3.3 |
| **Benchmark** | Discuss the effect of barriers to trade and why nations sometimes erect barriers to trade or establish free trade zones. |
| **Also Assesses** | SS.912.E.3.3 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students should be able to tell that nations establish trade barriers to make certain their goods are not undercut in price by foreign imports. Students should be able to tell that free trade zones are established so that member nations can increase their trade with each other without having to pay tariffs. |
| **Content Limits** | Barriers to trade will be limited to embargos, tariffs, and quotas. Free trade zones will be limited to the EU and NAFTA, |
| **Stimulus Attribute** | Stimulus may include charts, graphs, tables, and other visuals. |
| **Content Focus** | Students should be able to ascertain that free trade improves choices and prices. Students should also be able to ascertain that barriers to trade result in raising prices to keep the domestic goods competitive with foreign imports. |
| **Sample Item** | If the United States places a limit on the number of Japanese cars allowed into the US for sale, the US is using a/an 1. embargo.
2. tariff.
3. import quota.
4. free trade zone.

ANSWER: **C** |

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| **Reporting Category** | Public goods and externalities |
| **Standard** | SS.912.E.3 |
| **Benchmark Number** | SS.912.E.3.4 |
| **Benchmark** | Assess the economic impact of negative and positive externalities on the international environment. |
| **Also Assesses** | SS.912.G.2.2, SS.912.G.4.4, SS.912.G.3.3 |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will assess the economic impact of negative and positive externalities such as pollution (negative) and electricity and education (positive) on the international environment. Students should be able to think outside the traditional economic parameters by identifying how environmentalists and economists determine the costs, economically and environmentally, of any given action and its value to society. |
| **Content Limits** | Open access resources should be labeled as "Common Resources." Examples of ecological degradation should be illustrated with pictures or drawings in the stimulus attribute instead of described as "ecological degradation." |
| **Stimulus Attribute** | Picture or drawing of environmental degradation. |
| **Content Focus** | Additional items should include open-access resource, examples of ecological degradation, sustainable development, bioenergy, monetization, and climate change. |
| **Sample Item** | Pollution and other negative externalities arise because  A. There are no enforceable property rights to common resources. B. Legislators cannot agree on what to do about pollution and other negative externalities. C. They are the price consumers are willing to pay for production of goods and services  D. Science cannot decide how to control themANSWER: **A** |

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| **Reporting Category** | Economic decision making and economic systems |
| **Standard** | SS.912.E.3 |
| **Benchmark Number** | SS.912.E.3.6 |
| **Benchmark** | Differentiate and draw conclusions about historical economic thought theorized by economists. |
| **Also Assesses** | Not Applicable |
| **Item Types** | Multiple Choice |
| **Benchmark Clarifications** | Students will be able to identify the most significant contributions to economic theory and the economists associated with that particular theory. |
| **Content Limits** | Items should focus only on the most influential economists and their contributions to economic theory. Primarily Adam Smith, Karl Marx, and John Maynard Keynes. Items should also be limited to the "invisible hand" idea from Smith and not branch out into his "division of labor," "pin factory," or the extended quote from Smith, ("It is not from the benevolence of the butcher, or the baker. . .") Keynes' ideas should be limited to fiscal policy. |
| **Stimulus Attribute** | A passage or excerpt from one of the economist’s more famous works asking students to infer what economic concept is being mentioned. |
| **Content Focus** | Focus should remain on the most prominent contributions by the most notable economic theorists. |
| **Sample Item** | 1. Market economists believe that the most effective economy is one with little to no government regulation. It is theorized that the market is controlled by an "Invisible Hand" which guides market prices and what to produce.

Which of the following economic theorists coined the idea of the "Invisible Hand"?1. Karl Marx
2. John Maynard Keynes
3. Milton Friedman
4. Adam Smith

ANSWER: **D**1. Which economist believed that when consumers and businesses don't spend enough the government should step in and spend?
2. Karl Marx
3. John Maynard Keynes
4. Milton Friedman
5. Adam Smith

ANSWER: **B** |