

**Budgeting****The BIG Idea**

- What's a budget and why do I want one?

**AGENDA**

Approx. 45 minutes

- I. Warm Up: What a Nag!  
(5 minutes)
- II. How We Spend Our Money  
(10 minutes)
- III. Create-A-Budget Game  
(20 minutes)
- III. Budget Review & Discussion  
(5 minutes)
- IV. Wrap Up (5 minutes)

**MATERIALS** **STUDENT HANDBOOK PAGES:**

- Student Handbook page 64, Expenses Checklist
- Student Handbook pages 65–66, What's in Your Wallet?

 **FACILITATOR PAGES:**

- Facilitator Resource 1, Check Template  
(For each student in the class, four checks)

 Calculators (class set)**OBJECTIVES**

During this lesson, the student(s) will:

- Discover that a budget is a way to compare money coming in (income) and money going out (expenditures).
- Develop, analyze, and revise a hypothetical budget of \$60 for four weeks.
- Recognize that a budget gives power and choice about spending and getting the things they want.

## OVERVIEW .....

In this lesson students discover how to make and maintain a budget. Students review and identify ways teens typically spend money. Then they categorize expenses to create a budget that will enable them to get the things they really want. In a culminating activity, students play a game in which they are challenged to create and adjust budgets based on a hypothetical income and unexpected expenses. Finally, pairs work together to review and assess each other's budgets.

## PREPARATION .....

- List the day's **BIG IDEA** and activities on the board.
- Write the day's vocabulary words and definitions on the board.
- The following handouts need to be made into overhead transparencies or copied onto chart paper:
  - **Student Handbook page 64, Expenses Checklist**
  - **Student Handbook pages 65–66, What's in Your Wallet?**
- For Activity III, copy and cut out **Facilitator Resource 1, Check Template** (four checks per student).

## BACKGROUND INFORMATION .....

Most children spend money on impulse—if they see something they want and have the money, they buy it without thinking about it. And they rarely keep track of how they spend their money. Many do not grasp the importance of using a budget to manage their money over time. Students should recognize that a budget is a plan of how they *think* they will use their money—and that they can change the plan (budget) as needed. The goal is to increase the satisfaction they will receive from their money. Learning how to make a budget encourages students' awareness of how much income they have, how much they spend, and how much money, if any, is left over. By learning to set up a budget, students will ensure that they make smart consumer decisions and meet their savings goals.

## VOCABULARY

**Budget:** A plan that helps people track spending so they can get the things they need and want without running out of money.

**Expense:** What you spend money on.

**Income:** The money you have—earned from a job, received as allowance, received as a gift, etc.

## IMPLEMENTATION OPTIONS

In **Activity II**, “How We Spend Our Money,” if the prices do not reflect the items’ true costs where you live, encourage students to adjust them accordingly.

In **Activity II**, items 5–7, if students understand the concept of categories, you may prefer to have them designate food, transportation, entertainment, and clothing items on their own rather than working in groups.

For **Activity III**, you may wish to designate a student payroll specialist or banker to distribute checks at the beginning of each “week.”

If your students have difficulty with math, you may wish to do **Activities III** and **IV** as whole-class activities.

## ACTIVITY STEPS

### I. Warm Up: What a Nag! (5 minutes)

1. [Welcome the students and let them know how happy you are to be with them again.]
2. **SAY SOMETHING LIKE:** How many of you have ever—at any time in your life—nagged an adult to buy something for you? [Allow time for students to respond.]
3. [After students have shared their nagging experiences:]

**SAY SOMETHING LIKE:** I have a technique that will drastically reduce the amount of nagging for stuff in the years to come, and enable you to buy things with your own money. Today you are going to discover how this technique works.

### II. How We Spend Our Money (10 minutes)

1. **SAY SOMETHING LIKE:** Did you know that tweens in the U.S. spend about \$15 billion of their own money each year? This means that advertisers are very interested in getting you to spend your money on the things that they are selling. You need to be extra smart to make sure the choices you make are yours, not theirs. Today and next week, we're going to learn some strategies to turn you into smart (or smarter) spenders.
2. **SAY SOMETHING LIKE:** So what's this \$15 billion being spent on anyway? [Direct students' attention to **Student Handbook page 64, Expenses Checklist**. Tell them that this is a list of 15 things we think tweens may spend their money on. Explain that items you spend money on—like the ones on this list—are called **expenses**. Point out that some of the expenses are ones we have to spend money on each day or each week, while others are optional.]

**SAY SOMETHING LIKE:**

- Which expenses on this list do you have to buy every day? [Discuss local costs for school lunches and transportation to and from school.]
  - Which ones are things you want, but don't necessarily need to buy on a regular basis?
3. [Invite students to add five more items to the list of expenses of things they buy. Remind them to include the prices next to each item.]

4. **SAY SOMETHING LIKE:** When people are planning how they'll spend their money, they begin by figuring out how much they have. Then they estimate how much they will spend on different items, or expenses—like those on the list. However, as you can see, this list is long, and could be even longer. To make their planning easier, people put their expenses into categories. For this activity, we've chosen transportation, food, entertainment, and clothing. [Write the categories on the chalkboard or chart paper for everyone to see.]
5. [Ask a volunteer to read aloud the first item on the list, and identify which category it goes into: *food, transportation, entertainment, or clothing*. After the student responds correctly, instruct the class to put a T (for transportation) next to it. Have another volunteer read aloud the second item on the list and identify which category it goes into. Have the class put an F (for food) next to it.]
6. [Divide the class into two groups. Have one group identify expenses that go into *food* and *transportation* categories by labeling them F and T, while the other group figures out which expenses belong in the *entertainment* and *clothing* categories by labeling appropriate expenses as E and C. Finally, have both groups share their findings, so that each student has a category for each expense.]
7. [On their own, students should also identify a category (F, T, E, or C) for the last five expenses they added to their lists.]

\*Source of statistic: <http://pbskids.org/itsmylife/money/spendingSMARTS/>

### III. Create-a-Budget Game (20 minutes)

1. **SAY SOMETHING LIKE:** In the next couple years—as you begin high school—many of you will have after-school and weekend jobs. The money you earn is called an **income**. Earning your own money is terrific because you can buy things without nagging your folks. On the other hand, it also means making difficult choices about how to spend your money. For example, if you spend your hard-earned cash on games at the arcade, will you have enough for movie night with your friends? And, to make things trickier, sometimes there are things you want that cost more than the amount you make in a week, like concert tickets or a mountain bike. To help meet your spending needs without running out of money, you need a plan. A plan for how to spend your money is called a **budget**. In the game you're about to play, you will try your hand at creating a budget that you can stick with.

2. [Distribute one \$60 check to each student. Tell students that they have a new after-school job, like babysitting or stocking shelves. Each week, they'll earn \$60. Ask students to name the first thing they'd want to buy and how many weeks they think it would take to pay for it. Then, explain that they will use their income from their job to pay for different items that they want or need each week.]
3. [Refer students to **Student Handbook pages 65–66, What's In Your Wallet?** and walk students through the calculations for week 1 using an overhead projector, chart, or LCD projector.]

**SAY SOMETHING LIKE:** Let's start your budget by writing down how much money you have to spend. At the top of the page, under "Week 1," write \$60 next to "Income." This is the amount of your paycheck for the week. Since this is your first week of work, we'll assume you started with zero dollars in savings. A zero is already written in the "Savings" box. What's your total "\$ in the Bank" for Week 1? (\$60) Write \$60 next to "\$ in the Bank."

4. Next, it's up to you to figure out how much money you'll need for each category of expenses. Use the **Student Handbook page 64, Expenses Checklist** to figure out what you want to spend your money on.

Now that you have some money of your own, your parents have asked you to help out with some of your daily expenses: food and transportation. Let's talk about your food budget first. If you're buying your lunch at school, you have to figure out your food budget for the week. To do this, multiply the daily cost of lunch by five. [Model this on the overhead projector.] If you want to go out for pizza over the weekend, you need to put that number in the "food" box as well, right underneath the cost of your lunches.

Now, let's look at "transportation." If you're riding the school bus, you may not have any daily expenses in this category. But if you're sharing a ride with a friend, you'll want to contribute some money for gas. [Show calculations for daily gas budget or subway ride.] You can write any additional transportation costs right under this number.

5. **SAY SOMETHING LIKE:** Now, fill in the rest of Week 1. Figure out how much you'll spend on entertainment and clothing. Write down your expenses in each category. If you have an expense that doesn't seem to fit anywhere else, write it under "other."
6. Now add up all five categories, and write the total next to "Total Expenses." Is your total more than \$60? If so, you need to go back and cut out an expense or two. You

can't spend more than you earned. [Show how to do this.]

7. To figure out what you saved during the week, subtract your "Total Expenses" from "\$ in the Bank," which you've already written at the top of the page. You can also write this number under "Savings" for next week. Any money you saved this week is money you have available to spend next week.

8. [Now tell students it's Week 2 and they've just finished their second week on the job. Distribute \$60 checks to everyone for their week's earnings. Have students write \$60 next to "Income," add their "Savings," and write this amount next to "\$ in the Bank" at the top of the page.]

9. **SAY SOMETHING LIKE:** This week, you notice that many of your classmates are wearing a new kind of sneaker that costs \$75. The commercials for the sneakers are awesome! They show your favorite athletes wearing these new sneakers. You're feeling a little uncool in last year's style. How many feel like you'd want these sneakers? You may notice that they cost more than your weekly income. How can you include them in your budget? [Get suggestions from students as to how this might be done.]

10. [Now have students repeat the steps above, filling in Week 2 on **Student Handbook pages 65–66, What's in Your Wallet?**]

11. Before students budget their money, **SAY SOMETHING LIKE:**

How is it going? Does anyone here have \$75 for sneakers yet? If you can't afford the sneakers this week, what might you change about your spending?

[Distribute \$60 paychecks and repeat the steps for Week 3. Remind students that at the top of the Budget Sheet for Week 3, they should record their "\$ in the Bank," which includes their weekly earnings from their job plus any money they saved from Week 2.]

12. [Distribute \$60 paychecks for week 4.]

Before students budget their money, **SAY SOMETHING LIKE:** This week, there's a new budget item to consider. You lost your brother's favorite CD. It will cost \$15 to

replace it. What can you do?" [Possible responses may include:

- Put off buying CD
- Put off buying sneakers
- Decide the sneakers are too expensive—you'd rather have more money to do what you want each week.]

12. [Have the class repeat the budgeting steps, reminding them that they need to find a way to replace their brother's CD. Again, they should record their "\$ in the Bank," including their weekly earnings and the money they've saved from Week 3 at the top of week 4.]

#### IV. Budget Review & Discussion (5 minutes)

1. [Divide the class into pairs. Invite pairs to work together to review each other's completed budgets, **Student Handbook pages 65–66, What's in Your Wallet?**]
2. [Guide students in their budget review by writing the following questions on the board, and let them know they'll be expected to share their answers with the group.]
  - Did you save money each week? Why or why not?
  - Did you have to give up some things in order not to spend more than you had? How did you decide what to give up?

#### V. Wrap Up (5 minutes)

1. [Reconvene the class to discuss their answers.]

Following the discussion, **SAY SOMETHING LIKE:**

You've just finished making a budget for your income for an entire month. How did you do? Were you able to buy the sneakers? Replace your brother's CD? How might you have planned your spending better?

How can you tell if you won the game? Is the person with the most stuff the winner? Or, is it the person who saved the most money? Or is everybody who didn't spend more money than they had a winner? Explain your answer.

2. [Congratulate everyone on their hard work, and let students know that next week they'll find out more about saving money for big goals and make a personal savings plan.]

## Check Template

|                         |                          |
|-------------------------|--------------------------|
| <b>ROADS TO SUCCESS</b> | NUMBER _____             |
|                         | DATE _____               |
| PAY TO THE<br>ORDER OF  | Roads to Success Student |
|                         | \$ 60.00                 |
|                         | Sixty 00/100             |
|                         | DOLLARS                  |
| FOR _____               | SIGNED _____             |

|                         |                          |
|-------------------------|--------------------------|
| <b>ROADS TO SUCCESS</b> | NUMBER _____             |
|                         | DATE _____               |
| PAY TO THE<br>ORDER OF  | Roads to Success Student |
|                         | \$ 60.00                 |
|                         | Sixty 00/100             |
|                         | DOLLARS                  |
| FOR _____               | SIGNED _____             |

|                         |                          |
|-------------------------|--------------------------|
| <b>ROADS TO SUCCESS</b> | NUMBER _____             |
|                         | DATE _____               |
| PAY TO THE<br>ORDER OF  | Roads to Success Student |
|                         | \$ 60.00                 |
|                         | Sixty 00/100             |
|                         | DOLLARS                  |
| FOR _____               | SIGNED _____             |

## Expenses Checklist

| Item                       | Expense  | Budget Category |
|----------------------------|----------|-----------------|
| 1. School transportation   | \$2/day  |                 |
| 2. School lunch            | \$3/day  |                 |
| 3. Movies & popcorn        | \$12     |                 |
| 4. T-shirt                 | \$10     |                 |
| 5. Video game              | \$40     |                 |
| 6. Jeans                   | \$50     |                 |
| 7. CD                      | \$15     |                 |
| 8. Soda or juice           | \$1      |                 |
| 9. Baseball cap            | \$10     |                 |
| 10. Fast food              | \$5      |                 |
| 11. Movie rental           | \$4      |                 |
| 12. Sunglasses             | \$15     |                 |
| 13. Snack                  | \$1      |                 |
| 14. Music download         | \$1/song |                 |
| 15. Comic book or magazine | \$5      |                 |
| 16.                        |          |                 |
| 17.                        |          |                 |
| 18.                        |          |                 |
| 19.                        |          |                 |
| 20.                        |          |                 |

**FOOD**



**TRANSPORTATION**



**ENTERTAINMENT**



**CLOTHING**



## What's in Your Wallet?

### WEEK 1

#### MONEY YOU HAVE

|                |  |
|----------------|--|
| Income         |  |
| Savings        |  |
| \$ In The Bank |  |

#### MONEY YOU SPEND

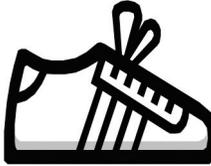
|   |  |
|---|--|
| Food<br>             |  |
| Transportation<br> |  |
| Entertainment<br>  |  |
| Clothing<br>       |  |
| Other   |  |
| <b>Total Expenses</b><br>(F + T + E + C + O)  |  |
| <b>Money Left</b><br>(\$ In The Bank<br>— Total Expenses)   |  |

### WEEK 2

#### MONEY YOU HAVE

|                |  |
|----------------|--|
| Income         |  |
| Savings        |  |
| \$ In The Bank |  |

#### MONEY YOU SPEND

|  |  |
|--|--|
| Food<br>             |  |
| Transportation<br> |  |
| Entertainment<br>  |  |
| Clothing<br>       |  |
| Other  |  |
| <b>Total Expenses</b><br>(F + T + E + C + O)   |  |
| <b>Money Left</b><br>(\$ In The Bank<br>— Total Expenses)  |  |

## What's in Your Wallet?

### WEEK 3

#### MONEY YOU HAVE

|                |  |
|----------------|--|
| Income         |  |
| Savings        |  |
| \$ In The Bank |  |

#### MONEY YOU SPEND

|   |  |
|---|--|
| Food<br>             |  |
| Transportation<br> |  |
| Entertainment<br>  |  |
| Clothing<br>       |  |
| Other   |  |
| <b>Total Expenses</b><br>(F + T + E + C + O)  |  |
| <b>Money Left</b><br>(\$ In The Bank<br>— Total Expenses)   |  |

### WEEK 4

#### MONEY YOU HAVE

|                |  |
|----------------|--|
| Income         |  |
| Savings        |  |
| \$ In The Bank |  |

#### MONEY YOU SPEND

|  |  |
|--|--|
| Food<br>             |  |
| Transportation<br> |  |
| Entertainment<br>  |  |
| Clothing<br>       |  |
| Other  |  |
| <b>Total Expenses</b><br>(F + T + E + C + O)   |  |
| <b>Money Left</b><br>(\$ In The Bank<br>— Total Expenses)  |  |