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Budget Basics

Standard 1: Fundamentals of Budgeting

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Published by *K20 Center*

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Grade Level	7th – 12th Grade	**Time Frame**	110 minutes
Subject	Financial Literacy, Social Studies	**Duration**	2-3 class periods
Course	Personal Financial Literacy		

Essential Question

What are the challenges and benefits of budgeting? How do budgets change when lifestyle changes?

Summary

Students will identify the elements of a budget. They will examine how life events and lifestyle affect and change budgeting needs (i.e., personal expenses, emergencies, saving for future goals, family vs. individual).

Snapshot

Engage

Students view a short video clip that demonstrates a financial dilemma. They then brainstorm various solutions to the dilemma.

Explore

Students collectively brainstorm what teens might save money for. They also categorize their list items as short, medium, or long-term goals.

Explain

Students read about budgeting and annotate what they read. They discuss their reading and share out important information. Individually, students also create their own budgets.

Extend

Students understand how budgets change with lifestyle changes. Students examine different scenarios that exemplify different life circumstances and write suggestions for budgeting to accommodate these different life events.

Evaluate

After the completion of their individual budgets, students reflect on the challenges and benefits of maintaining a budget. There is also an optional vocabulary card sort to reinforce budgeting terminology.

Standards

ACT College and Career Readiness Standards - Reading (6-12)

CLR401: Locate important details in somewhat challenging passages
CLR402: Draw logical conclusions in somewhat challenging passages
IDT403: Summarize key supporting ideas and details in somewhat challenging passages

Oklahoma Academic Standards (Personal Financial Literacy (7th through 12th grade))

PFL.1: The student will describe the importance of earning an income and explain how to manage personal income through the use of a budget.
PFL.1.2: Identify the components of a personal/family budget (e.g., income, savings/investments, taxes, emergency fund, expenses, and charitable giving) based on short, medium, and long term goals (e.g., financial, personal, educational, and career).

Attachments

- Card Sort Teacher Answer Key—Budget Basics.docx
- Card Sort Teacher Answer Key—Budget Basics.pdf
- Card Sort—Budget Basics - Spanish.docx
- Card Sort—Budget Basics - Spanish.pdf
- Card Sort—Budget Basics.docx
- Card Sort—Budget Basics.pdf
- Five Day Budget Template—Budget Basics - Spanish.docx
- Five Day Budget Template—Budget Basics - Spanish.pdf
- Five Day Budget Template—Budget Basics.docx
- Five Day Budget Template—Budget Basics.pdf
- I Think We Think—Budget Basics - Spanish.docx
- I Think We Think—Budget Basics - Spanish.pdf
- I Think We Think—Budget Basics.docx
- I Think We Think—Budget Basics.pdf
- Lesson Slides—Budget Basics.pptx
- Scenarios Student Handout—Budget Basics - Spanish.docx
- Scenarios Student Handout—Budget Basics - Spanish.pdf
- Scenarios Student Handout—Budget Basics.docx
- Scenarios Student Handout—Budget Basics.pdf
- Scenarios Teacher Answer Key—Budget Basics.docx
- Scenarios Teacher Answer Key—Budget Basics.pdf
- The Basics of Budgets—Budget Basics - Spanish.docx
- The Basics of Budgets—Budget Basics - Spanish.pdf
- The Basics of Budgets—Budget Basics.docx
- The Basics of Budgets—Budget Basics.pdf

Materials

- Lesson Slides (attached)
- I Think, We Think handout (attached, one per student)
- The Basics of Budgets reading (attached, one per student)
- Five-Day Student Budget Template (attached, one per student)
- Scenarios Handout (attached, one per student)
- Scenarios Teacher Answer Key (attached)
- Card Sort (attached, one per pair or group; optional)
- Card Sort Teacher Answer Key (attached)

20 minutes

Engage

Begin by using **slides 2-4** of the attached **Lesson Slides** to introduce the title, the lesson objectives, and the essential questions of the lesson the students will answer.

Display **slide 5**. Tell students that they will view a video about a girl that has a potential financial problem. Play the video "Freelancing Fun."

After students watch the video, ask how the student in the video could have better prepared for or prevented the emergency of the lost textbook. Call on volunteers for a few immediate responses.

Pass out the attached **I Think, We Think handout**. Introduce the I Think, We Think strategy, and ask students to write down their own thoughts, responding in the I Think box to the prompt on slide 5.

Display **slide 6**. Pair students, and have them discuss their I Think responses with each other. The pairs should then come to a consensus and complete a response in the We Think section of the handout. Call on pairs to share out their We Think responses. Allow about 15 minutes for this.

Teacher's Note: Video Discussion

The video is about a girl who loses a textbook and does not know how to pay for it. The gist of the video is that perhaps the girl should prepare for financial emergencies like a lost textbook through budgeting or saving.

During the discussion, listen and reinforce student ideas such as saving for emergencies, creating a budget for saving, and putting money aside. If students are not talking about either saving or budgeting, ask students how a budget or creating a savings plan might have helped this student pay for the lost textbook.

15 minutes

Explore

Have students remain with their partners. As a second task, ask partners to define the term “budget” in their own terms on the back of their I Think, We Think handouts. Allow five to seven minutes for this activity. Call on a few volunteers to share their definition and then have all partners compare their definition with Webster-Merriam definition on **slide 7**. Discuss what they did or did not include in their definition.

Combine partners to form teams of four. Display **slide 8**. Ask the team to make a list of at least three ideas of what teens might typically save for. Allow about five minutes for brainstorming. Call on a few teams to share their list.

Display **slide 9**. Read aloud the information about short-term, medium-term, and long-term goals. Ask teams to speculate, discuss, and label their ideas as something a teen might be able to save for immediately (short-term goal), something that might take a few months to achieve (medium-term goal), or something that might take a year or longer to achieve (long-term goals). Allow about five minutes for this discussion.

Optional Technology Integration

While teams are brainstorming, create a Mentimeter, Google Doc, or Padlet to use with this activity. Create three columns on this shared document/space with the labels of “short-term”, “medium-term”, and “long-term” goals.

Give each team a few minutes to decide if their goal ideas are short-term, medium-term, or long-term. Ask groups to share their ideas and where they believe they might fit best. As teams share out their goals, place them in the appropriate goal category. Post these responses using the technology options explained above or on a whiteboard space.

Keep this list to refer to later on in the lesson.

30 minutes

Explain

Pass out **The Basics of Budgets** reading found in the attachments. Display **slide 10**. Have students annotate this short reading about budgeting through the Stop and Jot strategy.

Teacher's Note: Stop and Jot Strategy

To use the Stop and Jot strategy effectively, point out to students that the reading contains dotted lines after a group of paragraphs. After each dotted line, students should stop, review and summarize in their own words what was read in the margins. This annotating strategy is a form of "chunking" the information into smaller amounts to enhance student literacy. If Stop and Jot is a new activity for your students, you may wish to read the first set of paragraphs together, stop, and have students jot a sentence or two to summarize what they just read as practice. Then allow students to read the rest of the information independently.

After everyone has read about budgeting, call on volunteers in a general class discussion to share what they wrote in the margins as their summary. Go through each section carefully, repeating the gist of that part read by the students.

Pass out the **Five-Day Budget Template** found in the attachments. Display **slide 11**. Tell students that they will complete their own budget for five days. Show the list of brainstormed ideas for teens' budgets from the Engage activity to transition to this next activity. Point out that earlier, this list was generated as goals that teens might save for. Tell students that there might be something on this list that they may want to save for. If so, they can add this goal to their own budget.

To model budgeting, ask students to reflect individually on their income or any money in their possession. Ask students to brainstorm what might be considered income (allowance, birthday money, part-time job) and what type of expenses students might have (gas money if driving, food like lunches, entertainment, cell phone bill, etc.)

Emphasize that when they spend money, they need to track it on their budget each day and categorize it. To reinforce how to categorize expenses, display **slide 12**. Through a class discussion, brainstorm how students might categorize the expenses listed on this slide.

Allow about 10 minutes for students to ask any further questions and to fill out what they have in income and any expenses they have incurred for today. Tell students that they will need five days of recording their budget.

Optional: Help From Home

Younger students may have less access to their own income and expenses. To complete this activity for younger students, you may wish to send a note home to involve parents in this activity. Encourage parents to give their students a small allowance and to discuss with their child how it can be used for meeting their daily needs.

For older students capable of completing a budget independently, this activity can be done in class for the first 10 minutes of the next five class periods, or it can be assigned strictly as a homework activity.

30 minutes

Extend

Display **slide 13**. How do budgets change with lifestyle changes? Pose this question to students to begin a class discussion. Ask them what a college student might budget for—and how would that be different for a family of four?

Teacher's Note: Class Discussion Responses

It might be helpful to list student responses on the whiteboard for this discussion. For college students' budgets, volunteers might respond with saving for textbooks, tuition, housing or rent, food, better transportation, clothes, or nights out with friends. A family of four will have different needs that could include examples such as car maintenance, gas, medical expenses, school clothing for children, home repairs, etc.

Have students return to their original teams from the Engage activity. Pass out the attached **Scenarios Student Handout** to every student. Display **slide 14**. Ask students to work together. As a group, they should read the scenario and brainstorm two budgeting items for each column in the scenario—budgeting for short-term or immediate needs, medium-term, and long-term goals. For each scenario, there should be six total responses. Allow 20-25 minutes for this assignment.

Differentiation

For students who may struggle or in the interest of time, feel free to shorten the Budget Scenario handout for groups. Have groups only create one budget idea in the short-term, medium-term, and long-term goal columns for each scenario. You can also assign each group just one scenario to complete. If groups only complete one scenario, make sure that there is a robust class discussion of all scenarios on the handout.

As most groups are nearing completion, call on different group members to share a sample of their responses from the first scenario. Ask members to explain their reasoning or rationale for their budget items and the goal category they chose. Continue with the rest of the scenarios in the same manner.

Possible Student Responses

See the attached **Scenarios Teacher Answer Key** handout for a number of sample responses.

15 minutes

Evaluate

Students should have filled out their individual budgeting handouts after five days. As noted earlier, the teacher can allow ten minutes every day of classroom time for students to input their information. The budgeting handout can also be used solely as a homework assignment with a due date..

Once the assignment is completed, ask students to complete a Two-Minute Paper or reflection with the following questions (also listed on **slide 15**).

- What was useful about completing a budget?
- What was challenging about completing this budget?
- How likely are you to use a budget to track expenses or save for a future goal? Explain.

Optional Technology Integration

If time allows, this reflection can be used also as a PSA activity. Place students in pairs and using their Two-Minute Papers as a prompt, create a Two-Minute Documentary video about the benefits and challenges of budgeting.

Optional Card Sort Challenge

During the course of the lesson, students have encountered budgeting terminology. A vocabulary Card Sort is attached to this lesson and can be used to review budgeting terms learned in the lesson. To use the Card Sort, print and cut out copies of the attached **Card Sort** cards. Make one set per pair or group of three students to play. For example, for a class of thirty, print and cut out three Card Sort sets for each group of three students in your class.

Introduce the Card Sort strategy to students. The object of the Card Sort is to match the budgeting term with its definition. A **Card Sort Teacher Answer Key** is also provided in the attachments for this activity. Once student groups have worked with the Card Sort a few times, challenge all groups to a speed contest. Ask groups to turn over all their cards and mix them up. With a timer, tell groups to begin turning over the cards and matching the vocabulary term to the definition. The fastest group to match the cards correctly wins.

Resources

- Budgeting basics. (2020). Practical money skills. https://www.practicalmoneyskills.com/learn/budgeting/budgeting_basics
- Cruz, R. (n.d.). 15 practical budgeting tips. DaveRamsey.com. https://www.daveramsey.com/blog/the-truth-about-budgeting
- K20 Center. (n.d.). Card Sort. https://learn.k20center.ou.edu/strategy/147
- K20 Center. (n.d.). I Think, We Think. https://learn.k20center.ou.edu/strategy/141
- K20 Center. (n.d.). Stop and Jot. https://learn.k20center.ou.edu/strategy/168
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- O'Shea, B. & Schwahn, L. (2020) Budgeting 101: How to budget money. Nerdwallet. https://www.nerdwallet.com/blog/finance/how-to-build-a-budget/
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