

Abstract

This webinar will provide teachers with ideas and resources to introduce the topic of budgeting to their students. Students will be able to describe the purpose of a budget, identify the difference between gross pay and net pay, classify expenses between fixed and variable, and analyze and manipulate a sample budget.

Objectives

Students will be able to:

- Describe the purpose of a budget
- Identify the difference between Gross Pay and Net Pay
- Classify expenses between fixed expenses and variable expenses
- Analyze and manipulate a sample budget

National Standards: Economics and/or Personal Finance

National Standards for Personal Financial Education. *Council for Economic Education*, New York, NY, 2021.

- Standard I – Earning Income, 8-5a., “Differentiate between gross and net pay.”
- Standard II – Spending, 12-1c., “Explain methods of adjusting a budget for unexpected expenses or emergencies.”

Massachusetts Curriculum Framework for History and Social Science, 2018.

- *Personal Financial Literacy Standards*, T2.6, “Formulate a savings or financial investment plan for a future goal (e.g., college or retirement.)”

Time

- One 55-minute class period

Grade level

- 9 – 12 (High School)
 - Can be adapted for Middle School (6 – 8)

Key concept(s):

Budgets are an essential part of a healthy financial life. By understanding the relationship between net income and fixed/variable expenses, stress due to finances can be reduced significantly.

Materials/Resources:

- PowerPoint: *What is a Budget?*
- Handouts: Double sided piece of paper with “Fixed” on one side and “Variable” on the other side.
- Exercise 8.3, “John and Marcia: Monthly Spending Plan.” Financial Fitness for Life, 3rd Edition, *Council for Economic Education*, 2019.

Optional support materials (from the Atlanta Federal Reserve Bank):

Why Budget? Infographic and associated activity. “Illustrates the difference between sources of income and fixed versus variable expenses through a simple budget plan.” <https://www.atlantafed.org/education/teach/infographic-posters/budgeting>

Teacher Prep

- 1 copy of the “Fixed | Variable” sheet for each student.
- Exercise 8.3, either electronically or on paper, one copy per anticipated group or one copy per student.

Lesson Plan

Warm Up

Ask students what comes to mind when they hear others talking about a budget. What are they discussing? Are the discussions positive or negative? Cheerful or stressful? Short or long?

Direct Whole Group Instruction

- PowerPoint Presentation: What is a budget?
 - Walk students through the following:
 - Purpose of a budget
 - Income (NB: there is an embedded link to a short video explaining gross vs. net income)
 - Expenses

Activity (using PowerPoint slides beginning from “Your turn.”)

- Distribute a copy of the “Fixed | Variable” sheet to each student.
- Advance each slide and ask students to consider if the expense shown would be considered a fixed expense or a variable expense. Give them 15 to 30 seconds to think/discuss. Advance the slide to show the answer.

Exercise

“John and Marcia: Monthly Spending Plan.”

- Distribute a copy of Exercise 8.3 to each group or each student. Read aloud through the scenario as a class.
- Read aloud the five questions (a. – e.) below the chart of Variable Expenses and check that students understand what is being asked.
- Provide students 10 – 20 minutes to think about, discuss with each other, and answer the questions, including completing the “After” column of the Variable Expenses chart.
- Review as a class student responses.

Exit Ticket

Ask students to write down one thing they learned about a budget that they didn’t know before the start of the class.