



Jump\$Tart Washington Curriculum Unit Three Chapter Nine: Budgeting Basics

Chapter Learning Objectives

1. Understand how to use a budget.
2. Identify different types of expenses.
3. Understand how to avoid overdrafts.
4. Learn financial terms.

Episode 116 Synopsis

The Biz Kid\$ learn the first rule of money management: You can't manage what you don't know. Join the Kid\$ and examine several proven methods for gaining control of both spending and expenses. You'll also meet several successful entrepreneurs.

Jump\$Tart Standards Correlations

Financial Responsibility and Decision-Making

- Take responsibility for personal financial decisions.
- Make financial decisions by systematically considering alternatives and consequences.

Planning and Money Management

- Develop a plan for spending and saving.
- Develop a system for keeping and using financial records.
- Develop a personal financial plan.

Washington State Standards Correlations

SOCIAL STUDIES

2. ECONOMICS - The student applies understanding of economic concepts and systems to analyze decision-making and the interactions between individuals, households, businesses, governments, and societies.

2.1 Understands that people have to make choices between wants and needs and evaluate the outcomes of those choices. (Grades 1-2 and 4-12)

Lesson Prep and Supplies

Getting Started

1. Familiarize yourself with this **BizKid\$** episode by watching it ahead of time. The episode will serve as a springboard to student learning, discussions, vocabulary exploration, and related hands-on activities.
2. Determine what equipment is required to show the episode in the classroom and request it if needed.
3. Choose an activity and gather supplies to learn about “Budgeting Basics.”

Equipment & Supplies for Preview and Screening

Time Needed: 45-60 minutes

Items Needed For Class:

TV/DVD Player
DVD of Episode 116
Projection System

Items Needed for Each Student:

Pencil or Pen
Paper for taking notes
Copy of BizTerms sheet for each student

Activity One: Preview and Screening

Introduction

Briefly explain that **BizKid\$** is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money.

Episode Preview Activity

Before you show **BizKid\$** episode 116, “Budgeting Basics,” lead your students in a brief activity.

- Distribute paper and pen or pencil to each student. Let students know to list any questions they have for later discussion.

Ask students the following discussion questions:

- What does the word budget mean to you?
- Do you know the difference between fixed, periodic, and variable expenses?
- What is an overdraft, and what happens if you have one?
- Why is it important to know your income and expenses?

After the students discuss these questions as a group, tell them what they will see in episode 116 “Budgeting Basics” as described below.

About the Episode

The Biz Kid\$ learn the first rule of money management: You can’t manage what you don’t know. Join the Kid\$ and examine several proven methods for gaining control of both spending and expenses. You’ll also meet several successful entrepreneurs.

Next Steps

Show the BizKid\$ episode. After the episode, ask students if they found answers to any of the questions they wrote on their sheets. Allow them to share and ask any questions that remain. Did they learn anything from the episode that will influence their behavior?

Distribute the list of BizTerms vocabulary to each student. Have them look up definitions. Papers are due in about 30 minutes. After 30 minutes have passed, give the students a copy of the definition sheet and they can check their own answers against the sheet.

Activity Two: BizTerms Vocabulary and Definitions

BizTerms Vocabulary

1. Budget
2. Debt
3. Expense
4. Fixed expenses
5. Flexible
6. Income
7. Money management
8. Overdraft
9. Periodic expenses
10. Variable expenses

BizTerms Definitions

1. A budget is a spending plan for managing money during a given period of time.
2. A debt is something owed to another – an obligation to pay.
3. An expense is an amount of money spent to buy goods and services for yourself or your business.
4. Fixed expenses occur when the amount that you pay each time is the same.
5. Something is flexible when it is able to be modified or adapted, something that can be changed easily.
6. Income is money earned through employment and investments.
7. Money management is the process of using a financial plan to control your money.
8. An overdraft occurs when you perform the act of spending more money than you actually have.
9. Periodic expenses are costs that do not occur on a monthly basis.
10. Variable expenses are costs that change in amount each time they are paid.

Activity Three: Such a Deal!

Activity Learning Objectives

- Understand the benefits and drawbacks of using coupons.
- Recognize the impact that coupon discounts can have on a budget.

Supplies Needed

- Pen or pencil
- Student copies of “Such a Deal!” worksheet

Directions

- Distribute a “Such a Deal!” worksheet and a pen or pencil to each student.
- Allow 15 to 30 minutes for students to read the problems and write down possible solutions.
- Then have a class discussion to determine if students chose the same or different solutions to each particular problem. There can be more than one way to solve a problem. Have students support their choices by explaining their thinking.

Such a Deal! Worksheet

Today there are smartphone mobile apps for coupons and discounts, in addition to more traditional paper coupons in flyers, newspapers, and magazines. Coupons are good if they give you a discount on an item that you were already going to purchase – something that was already listed in your budget. But be careful, they can also tempt you to buy items that were not on your budget list just because they seem like such a deal!

You are the shopper. You need to decide whether or not the discount offered makes it worth it to buy the item listed on the coupon. Be sure to explain your thinking.

1. You find a coupon for canned soup – it says to “BUY 3 and get 1 FREE” but it will expire tomorrow. You have a budget for 2 cans of soup per week. Do you use the coupon and bring home 4 cans of soup today? Why or why not?

2. A warehouse store is giving out free samples of a really tasty dessert. This was totally not in your budget for this week, but they have a coupon for \$1 off of the \$6 price if you buy it today. Do you buy it? Why or why not? If yes, what will you have to do in order to keep from going over your budget?

3. A coupon code for your favorite store popped up on your smartphone. You can take 40% off of one regular priced item. When you go to the store, you realize that everything that you had on your budget for this week is listed at a ‘sale’ price, so the coupon will not work. What could you do to get the best possible outcome?

Have students discuss these ideas and share their answers with the class.

Activity Four: It's My Party, and I'll Buy If I Want To

Activity Learning Objectives

- Learn advantages of budgeting for special events.
- Beware of the temptation to go over budget.

Supplies Needed

- Pencil with eraser
- Student copies of "It's My Party, and I'll Buy If I Want To" worksheet

Directions

- Distribute an "It's My Party, and I'll Buy If I Want To" worksheet and a pen or pencil to each student.
- Allow 15 to 30 minutes for students to read the problems and write down possible solutions.
- Then have a class discussion to determine if students chose the same or different solutions to each particular problem. There can be more than one way to solve a problem. Have students support their choices by explaining their thinking.

'It's My Party, and I'll Buy If I Want To' Worksheet

You are having a party at your place – wheee! This is going to be the best party ever. To make sure it is, you have saved up \$1,000. Now all you have to do is decide (budget) how you're going to spend it.

1. FOOD – Everyone loves to eat at a party. How much will you spend on food? What will you buy and how much will it cost?

2. BEVERAGES – Where there's food there's usually something to wash it down with. What beverages will you buy to serve your guests? How much will it cost?

3. PLATES, CUPS, NAPKINS, UTENSILS – Will you need to provide these? Theme party maybe? How much will you need to budget here?

4. ENTERTAINMENT – Does your party have entertainment or activities for your guests to enjoy? What will they be, and how much will that cost?

5. Anything we're forgetting? What is it and how much should we budget?

6. \$1,000 is a lot of money, but it can also be spent very quickly if you're not careful. Do you have any money left over after items 1-5? How do you feel about your party budget?

Have students discuss these ideas and share their answers with the class.

Resources

| | |
|--|--|
| BusinessDictionary.com | A reliable source for the definition and explanation of financial terms. |
| MyMoney.gov | The U.S. government website dedicated to teaching Americans the basics of financial education. |
| National Financial Educators Council (NFEC) | NFEC and the NFEC EduNation Campaign provides complementary personal finance materials for parents, educators and concerned citizens interested in teaching children about money. http://www.financialeducatorsCouncil.org |
| 360 Degrees of Financial Literacy | This is a free program to help Americans understand their personal finances through every stage of life. It is sponsored by the American Institute of Certified Public Accountants. http://www.360financialliteracy.org |
| Banking and Financial Systems | This is a textbook published by Goodheart-Wilcox. The ISBN number is 978-1-60525-778-5. http://www.g-w.com |
| Voluntary National Content Standards in Economic Education | This book is the 2 nd edition from the Council for Economic Education. The ISBN number is 978-1-56183-733-5. http://www.councilforeconed.org |
| Improving Financial Literacy: What Schools and Parents Can and Cannot Do | This book is published by Jump\$tart Coalition for Personal Financial Literacy. The ISBN number is 0-9666010-1-7. http://www.jumpstart.org |