



Budgeting Basics

EPISODE #116

LESSON LEVEL

Grades 8-10

KEY TOPICS

- Entrepreneurship
- Budgeting
- Money management

LEARNING OBJECTIVES

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

EPISODE 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.

NATIONAL STANDARDS CORRELATIONS

Aligned to *National Financial Literacy Standards* from the **Jump\$tart Coalition for Personal Financial Literacy**.

Financial Responsibility and Decision Making

Standard 1: Take responsibility for personal financial decisions.

Standard 4: Make financial decisions by systematically considering alternatives and consequences.

Planning and Money Management

Standard 1: Develop a plan for spending and saving.

Standard 2: Develop a system for keeping and using financial records.

Standard 6: Develop a personal financial plan.

Aligned to *Voluntary National Content Standards in Economics* from the **Council for Economic Education**.

Standard 2: Decision Making

Standard 14: Entrepreneurship

Aligned to **Common Core State Standards Initiative's** standards for *Literacy in History/Social Studies, Science and Technical Subjects*.

Standard 1: Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

Standard 4: Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

Standard 7: Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words.

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LESSON PREP & SCREENING

Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what equipment is required to show the episode in your classroom and request it if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Students will need a pen or pencil and copies of the activity worksheets. Have fun!

Screening

Introduce the series and the episode. Explain that Biz Kid\$ 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. Prior to playing the episode, lead your students in a discussion with the preview questions on this page.

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.

Episode Preview Questions

Before you show this Biz Kid\$ episode, lead your students in a brief discussion of the following questions:

- What does the word 'budget' mean to you?
- Do you know the difference between fixed, periodic, and variable expenses in a budget?
- What happens if you have an overdraft?

Next Steps

Show this episode. After the episode, read the Summary and Conclusion to the class.

Summary and Conclusion

Budgeting helps you know your income and expenses. You must know how much money you have before you can decide what you can afford to buy. A budget is a tool to help you meet your financial goals.

Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they've learned with their families.



FAMILY ACTIVITY SHEET

Episode Synopsis

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Activity Suggestions

Does your family have a budget? What items do you pay for on a monthly basis? Introduce your child to the terms fixed expenses (expenses that are the same every month), variable expenses (expenses that change each time they are paid), and periodic expenses (expenses that are not paid on a monthly basis). Think of three examples from your own family budget, such as rent (fixed), electricity (variable), and car registration (periodic) and let your child know how you keep track of when to pay for these items, and how you know what the amount will be for variable and periodic expenses.

Let your child help plan the budget for a day trip or a weekend vacation. How much money will you need for transportation? Include items such as gasoline, parking fees, bus fare, train tickets, airplane tickets, whatever fits your situation. What will the family eat, and where? How much money will you need for groceries or food? If this is an overnight trip, where will you sleep and how much will it cost? Discuss how to save money on portions of your budget. During the trip, save receipts. When the trip is over, compare your actual spending with what you planned for in your budget. Did you spend more, less, or the same as the amount that you budgeted?



Activity #1:

BIZTERMS\$

WORKSHEET FOR STUDENTS

Biz Term\$

- Budget
- Debt
- Expense
- Fixed expenses
- Flexible
- Income
- Money management
- Overdraft
- Periodic expenses
- Variable expenses

Directions

With students, read aloud the Biz Term\$ and each question. Call on volunteers for answers, and have them explain why they chose the term they believe to be correct.

Biz Term\$ Episode Review

1. Money earned through employment is _____.
2. You create an _____ when you spend more money than you have on deposit.
3. A plan to manage your money for a given period of time is a _____.
4. Expenses that remain the same are _____.
5. Costs that change each time they are paid are _____.
6. Something that can be modified or adapted is _____.
7. Money you owe to someone else is a _____.



CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialog using Biz Term\$.
- Have students create a class Dictionary of Financial Terms using Biz Term\$.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

History/Social Studies

- In colonial times, it was very important not to overspend. Using the internet or a local library, research the history of debtor's prison in colonial Virginia in the United States. When was it constructed? When was imprisonment of debtors as a method of punishment stopped? What happens today if you cannot pay your bills?

Mathematics

- Your budget for the month is \$3,000. First, subtract your fixed expenses. Your rent is \$1,600, car payment of \$250, utilities are \$160, and cell phone bill is \$200. Next, subtract your variable expenses. This month you are budgeting \$60 per week for gasoline for the car, and there are 4 weeks in this month. How much money is left over for food, entertainment, and other expenses? Take that amount, and divide it by 4 weeks. How much do you have for these things each week? Is that going to be enough? What expenses could be reduced in the future, and how?

Economics

- The U.S. government has a 'debt' that it has not paid. Using the internet, take a look at the website U.S. Debt Clock, which tracks the federal debt as well as other statistics (<http://www.usdebtclock.org/about.html>). What are some ways that you can help reduce the national debt?

Optional Vocabulary Extensions

Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each Biz Term.

Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each Biz Term in their own words to demonstrate comprehension.



Activity #2:

THE MATRIX

WORKSHEET FOR STUDENTS

Directions

You are working on your budget. You need a way to decide which items are the most important, and which things are less important. Use the matrix below to help determine your priorities.

Something you **NEED** is an item that is absolutely essential. Something you **WANT** is an item that is nice to have, but is not absolutely essential. Something **URGENT** is an item where time is running out and you need to have it now. Something **NOT URGENT** is an item that you can wait for.

Put these items into your budget matrix:

- | | | |
|---------------------|------------------------------|-----------------------|
| 1. Food to eat. | 5. A new video game. | 9. Donate to charity. |
| 2. Clothes to wear. | 6. A place to sleep tonight. | 10. Movie tickets. |
| 3. A new music CD. | 7. Save 10% of your money. | 11. A bicycle. |
| 4. A cell phone. | 8. Shoes to wear. | 12. A soccer ball. |

	NEED	WANT
URGENT		
NOT URGENT		

Things that are urgent and that you need are the items that should be put into your budget first. Next, you will need to decide if there are any non-urgent needs that should be included in your budget. Third, consider your urgent ‘want’ items - do you have room for those in your budget? Finally, look at your not-urgent wants and see if you can afford them.

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



Activity #3:

BUDGETBROCHURE

WORKSHEET FOR STUDENTS

Directions

You are going to create an informational brochure for other students to teach them the value of budgeting. Read the directions below, then create your brochure on a blank piece of paper. Remember to use clear writing to get the message across, and that colors can be eye-catching too.

1. Start with a blank piece of paper size 8.5" x 11" and fold it to look like a greeting card.
2. On the front cover, create a picture or drawing that will interest your readers in the topic of budgeting.
3. On the inside of the front cover, answer the question "What is budgeting?"
4. On the inside of the back cover, list four benefits of budgeting that would be important to other students.
5. On the back cover, include helpful hints to help students budget their money.
6. Discuss these ideas and share your brochure with the class.
7. Post your brochures in classrooms, the library, and on school bulletin boards to help share this information with other students at school.



BIZTERMS DEFINITIONS

- *Budget:* A spending plan for managing money during a given period of time.
- *Debt:* Something owed to another - an obligation to pay.
- *Expenses:* Amounts of money spent to buy goods and services for yourself or your business.
- *Fixed expenses:* Expenses where the amount that you pay each time is the same.
- *Flexible:* Able to be modified or adapted, something that can be changed easily.
- *Income:* Money earned through employment and investments.
- *Money management:* The process of using a financial plan to control your money.
- *Overdraft:* The act of spending more money than you actually have.
- *Periodic expenses:* Costs that do not occur on a monthly basis.
- *Variable expenses:* Costs that change in amount each time they are paid.



Produced by: *Biz Kid\$* LLP

Funded by:



Co-Produced by:



Distributed by:

