Budget Lesson Plan

Introduction:
Students are given education levels with corresponding salaries to try to live off
of in the real world on their own. Students will have to find a place to live,
transportation, pay utilities, buy groceries, pay off loans, and pay for their own
amenities that they feel that they may need.

Mathematics Content/Connection to Previous Lesson:
Students use what they know about decimals and percents. They will also use
prior knowledge of spreadsheets to create a spreadsheet to keep track of their
expenses.

Connected Mathematics:
8th Grade

Materials:
Student Activity Sheets
Computers or I-books
A local newspaper or other publication of apartment and car advertisements
Expenses chart
Blank sample spreadsheet

Time Table: (Based on 40 minute periods)
Day 1: Launch and Explore Student Activity Sheet #1
Day 2: Explore using spreadsheets on Activity Sheet #2 - Summarize -
Homework sheet

General Outline of the Activity:

Launch:
Have students draw from a hat, or draw popsicle sticks for one of 4 education
levels. This education level cannot change during the activity.

Talk to students about the cost of living in central New York. Make a list of what
types of expenses they think that adults have.

Explore:
This is activity is meant to calculate the budget of an individual.

Students should complete Activity Sheet #1 individually. They will choose all of
their expenses.

Some expenses are necessary to live, and some expenses are optional. Students
must pay for all necessary expenses.
Remind students that any money that they have left over is placed into savings. In addition, the teacher may want to discuss retirement plans and savings plans. At this point, they may want to spend less on clothing, etc. and adjust their spreadsheet so they will have more money saved.

Once students have determined how much money they wish to save, they will discuss their budgets with a student of a different educational level. Monitor the discussions to see how students react to how important educational level is.

Homework can be given out early to students that finish their budget early.

**Summarize:**

Have students present their findings to the class. You may want to have the students present in groups according to their education level. Also, you might want students to project their individual budget to the rest of the class. Some questions to ask the students would be:

What extra monthly expenses did you choose to have? Cable, Internet?

What things did you have to give up?

How much money did you have left over at the end of each month? Do you think that this is a sufficient amount?

Did you feel financially stable?

What would happen if you had a medical or financial emergency?

Would you be able to retire or afford to have a family with your savings?

What have you learned from this activity?
# Budget Project Spreadsheet

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Income</strong></td>
<td><strong>Income Per Month</strong></td>
<td><strong>Income Per Year</strong></td>
</tr>
<tr>
<td>2</td>
<td><em>insert your highest education level completed here</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td><strong>Expense</strong></td>
<td><strong>Cost Per Month</strong></td>
<td><strong>Cost Per Year</strong></td>
</tr>
<tr>
<td>4</td>
<td>Income Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Rent</td>
<td></td>
<td></td>
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<tr>
<td>6</td>
<td>Utilities</td>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td>Phone/Cell Phone</td>
<td></td>
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<tr>
<td>8</td>
<td>Groceries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Misc. Car Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Medical Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Cable and Internet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Student Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Misc. Living Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td><strong>Total Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td><strong>Difference Between Expenses and Income</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Budget Project Activity Sheet #1

You are finished with your education! It is now time to begin your life in the real world.

1) Use the Sample Budget Spreadsheet attached to create your spreadsheet.

2) Using the Budget Activity Expenses Chart and your highest education level completed, fill in your spreadsheet. Remember that you MUST fill in the income and expenses both for the month and for the year.

**To determine the cost of your vehicle per year**

Cost Per Year = \(0.04 \times \text{Original Cost of the Vehicle} + \text{Original Cost of the Vehicle}\)

How many years you would like to take to pay for the vehicle
Budget Project Activity Sheet #2

Answer the following questions on your spreadsheet.

1) Are you over or under your budget?

2) What is the difference between your income and your expenses …
   per month?
   per year?

3) a) If your expenses are more than your income, adjust your budget so that your expenses are less than your income.
   OR
   b) If your expenses are less than your income, add more money into any expense you would like, and add put the rest of your money into savings.

4) Print your spreadsheet.

5) Discuss your budget with another student that has a different education level than you. Describe their budget and how it is different than yours in a paragraph.

6) Choose a different level of education. Adjust your budget so that your expenses are equal to your income, putting any extra income into your savings.

7) Write a paragraph explaining how you had to change your budget to adapt to your new income.

8) Repeat questions 6 and 7 using a different income from the previous two incomes.

9) From your conversation with another student and from changing your income level, how important do you think your education level is for your future?
Refer to the chart below to answer the following questions:

1) Explain what is happening in the graph at the age of 22.

2) Estimate how much more money a person with a Bachelor’s Degree makes than a person with a only High School diploma…
   at the age of 30?
   at the age of 50?
   at the age of 70?
3) a) About how much money is a person with a Bachelor’s Degree earning between the ages of 18 and 21? Be sure to show how you found your answer.

b) Why do you think this would happen?

4) a) At which ages does a person with a Bachelor’s Degree make more than a person with a High School Diploma?

b) At which ages does a person with a High School Diploma make more than a person with a Bachelor’s Degree?

c) Over a lifetime, who do you think would make more money, a person with a Bachelor’s Degree or a person with a High School Diploma only?

5) a) After the age of 23, whose salary is going up quicker, the person with only a High School Diploma or the person with the Bachelor's Degree?

b) Why do you think this would happen?

6) Explain how this graph relates to the budget activity done in class.