



LESSON FOUR

Budgeting: Adjusting Your Actions

TEACHERS

Introduction

Setting goals and making budgets is challenging. Sometimes it requires us to change our usual way of doing things. We may need to rethink our choices and modify our plan of action. Why? Because we cannot have everything we want or need. This problem is called scarcity. Scarcity says that we have unlimited wants and needs, but limited resources. Those resources may be money, time, skills, space, tools or most anything else. As a result, we need a logical method of determining how to use those limited resources. Decisions such as these require trade-offs, meaning we choose to give up a little of something to get more of something else. Our challenge is finding where we gain the most benefit when making that choice.

Purpose

This lesson will help students refine their decision-making skills and prioritize their wants.

Students will develop bars and graphs to analyze information.

Tool Kit

“Classroom cash” for students to purchase classroom privileges. Use single units to make counting easier.

Procedure

1. Select several classroom privileges for students to purchase. These may include coupons

Definition of the Week

Trade-Offs: Giving up a little of something to get more of something else.

for a free homework assignment, locker pass, choice of seats, sitting with a friend, 5% bonus on the next exam or an extra day to turn in homework. Have the class rank the list and assign dollar values to each privilege. Assign higher dollar values to those receiving the most votes and lower values to those with fewer votes.

2. Give each student \$20 in “classroom cash.” Explain how they can use their “money” to purchase classroom privileges. Write the selected privileges on the board and discuss any parameters with your students.

Note: You will need to determine how to track their purchases before starting. You may choose to have the class develop a record-keeping plan. You may also decide to use a punch-card or spreadsheet instead of the “cash.”

3. Allow students to purchase their \$20 worth of privileges.

4. Show the results to class, indicating the total dollar votes for each privilege. Have students create a pie chart or bar graph to illustrate their choices.

5. Discuss the results with the students. Ask them to compare the dollar votes with the initial ranking of the privileges, and evaluate the results. Have students explain their choices and the expected benefits from them. Be sure they can also identify their trade-offs and opportunity costs.

Note: You may also want to devise a plan requiring students to give up their classroom privileges based on negative behavior, such as tardiness, absences, late assignments, etc. Use this opportunity to emphasize the concept of trade-offs, noting how choosing “bad” behavior instead of “good” behavior has costs.

PARENT OPTION

- Make a list of the goods and services your family purchases. Discuss the trade-offs made when making those purchases. Have your child identify which purchases are “wants” and which are “needs.”
- If you have a home computer, work with your child to set up a budget spreadsheet to track your family’s income and spending.
- Talk with you child about the importance of “paying yourself first.” Saving even a little bit each week can lead to big gains. Help your child set up a savings plan. Identify possible places to save money and the amount of money to be saved monthly.

My Quick-and-Easy, Ultra-Super-Simple Money Plan

If you’re the kind of kid who doesn’t like to keep records, forgets or gets bored, here is a quick-and easy, ultra-super-simple way to get control of the money in your life. Whenever you feel you are not getting what you really want from your money, take a few minutes to fill out this form.

Three things that I really, really, really want to buy:

1. _____
2. _____
3. _____

Perhaps you cannot change some of the things you spend your money on now, such as school lunch or bus fare. For now, put those expenses out of your mind. Below, write down ten things you usually buy with your money that you could choose not to buy anymore (the choice is yours). List them in order, with #1 being the thing you like most and #10 being the thing you like least.



For Teacher’s Guide, go to <http://schools.newsok.com/ItJustAddsUp.pdf>

Ten things that I can decide to keep buying or stop buying:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

Want to have money for something special or expensive? Stop spending money to buy the last thing or two on your list. You probably won’t miss them.

If that alone won’t free up enough money for the things you really want, go farther up the list. Stop spending on all the things that are not as important as the things you really, really really want.

Even after you do that, it may take you awhile to save up for an expensive item. Don’t be impatient. When you reach your goal, you will be glad you waited!

Budget exercises excerpted and adapted from The Totally Awesome Money Book for Kids and Their Parents by Adriane G. Berg and Arthur Berg 16.

Coming next week: *Building Human Capital*

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