

Grades 6-8, Lesson 5

Compelling Question: How can we control our wants to stay within a budget?

IL Financial Literacy Standard	SS.EC.FL.2.6-8.LC: Explain the roles and relationships among savers, borrowers, interest, time, and the purposes for saving.	SS.EC.FL.1.6-8.MdC: Identify how people choose to buy goods and services while still maintaining a budget based on income, taxes, savings, and fixed and variable interest rates.
IL Econ Standard (when applicable- this row can be deleted)	SS.EC.1.6-8.LC Explain how economic decisions affect the well-being of individuals and society.	
Inquiry Standard	SS.IS.4.6-8.MdC: Determine the credibility of sources based upon their origin, authority, and context.	SS.IS.6.6-9LC: Construct arguments using claims and evidence from multiple sources, while acknowledging their strengths and limitations.
	SS.IS.7.6-8: Critique the structure and credibility of arguments and explanations (self and others).	SS.IS.8.6-8.MC: Apply a range of deliberative and democratic procedures to make decisions and take action in schools and community contexts.
Student Outcomes	Students will be able to explain the importance of a budget and learn one technique for personalizing their budgets.	

Introduction to Lesson

This inquiry initiates an investigation of income by presenting students with readings and graphic representations of credit, credit cards, credit history, and credit decisions. Students should be able to develop a logical argument or project-based learning activity that answers the question, “How can we control our wants to stay within a budget?”

By examining this question and relevant resources, and by creating questions of their own, students address the above-noted standards. Students consider a series of supporting questions about why people borrow money, how to use credit wisely, and what to do to create a good credit history. By engaging with images, videos, charts, and graphs, students activate visual, auditory, and kinesthetic learning. They work independently and in groups to answer questions, but more importantly to ask even more questions of their own.

Timeframe: This lesson is designed to work on several levels; therefore, timing may differ depending on how a class chooses to approach it. If the Supporting Questions are divided and offered to groups, the lesson can be completed in 2-3 days. If a whole class works its way through all the supporting questions, it could expand 5-6 days. On the other hand, if teachers feel pressed for time, they may pick and choose different parts of the lesson to work through.

Rationale: The supporting questions develop from simple to more complex, thus providing an opportunity for differentiating and accelerating/compacting the lesson. While the whole class considers the concept of income, individual students or groups can delve more deeply into concepts at levels that are appropriate for their abilities and interests. The opportunity for project-based learning provides a further level of complexity, as students not only reflect on their learning, but use their new knowledge to take action in the real world.

Structure of the Inquiry: The lesson is structured as follows: Each lesson consists of three supporting questions that directly ties into the compelling question. Each supporting question gets more difficult as you progress through the lesson. Each supporting question includes an Investigate and Create/Discuss section. The Closed-Reading Activity can be used for each of the supporting questions or one that you select. The Reflect section is located towards the end of

the lesson which provides students a chance to demonstrate their knowledge of money and allows for a summative evaluation.

Ask

Compelling Question: How do people control wants to stay within a budget?

Supporting Question #1: What is a budget and how does it help?

Key Understandings: Students will learn that a budget is a plan that helps them manage their money.

Featured Resources (Investigate): 1 reading for information piece: What is a budget? and Question: Spend or Not to Spend activity

Formative Assessment Task (Create/Discuss): Discussion, Cash Flow Activity, Budget Game

Supporting Question #2: What Choices do people make to stay on budget?

Key Understandings: Students will learn that people have to make choices in order to stay within their budget.

Featured Resources (Investigate): Two reading for information pieces: Impulse Buying & What's Expendable, Survey, & 2 Investigations: Wise Shopper & Changing Trends of Teen Spening

Formative Assessment Task (Create/Discuss): Wants & Needs Activity, Scenario of Wants & Needs, Living within your means, and PACED Decision Making Method

Supporting Question #3: How do you create a budget?

Key Understandings: Students will learn how to create a budget. In addition, they will learn how taxes and interest can affect their budget.

Featured Resources (Investigate): 2 Reading for Information pieces: Taxes & 50/20/30, Local Taxes investigation, & Budgeting for Teens activity

Formative Assessment Task (Create/Discuss): Card Sort, Determining a Town's Budget, 2 tax calculation sheets, calculating a budget, writing prompt, & 50/30/20 sheet

Staging the Compelling Question

The compelling question for this lesson is *"How do people control wants to stay within a budget?"* One week before beginning this lesson, the teacher can ask the students to try to recall everything they have spent money on in the past 3 days. Many students may have a hard time remembering. This leads to a mini-assignment to prepare for this lesson. Keep a spending journal for one week. In the journal, students will list everything they have purchased for 5 days.

At the end of the week, students will work in pairs to categorize their spending: food, clothes, entertainment, saving, charity, etc. In class, they will discuss their spending habits and compare them to other groups. Students should be encouraged to ask questions of other teams, e.g., How often do you buy this? Could you live without this? If you had to do it over, would you still buy this? Was there anything you bought that you later discovered was not worth the purchase price?

Tell students they will be learning about wise ways to spend and the importance of good spending habits for long-term financial security.

Supporting Question #1: What is a budget and how does it help?

Supporting Question

Students will learn that a budget is a map or plan that helps them manage their money. A budget helps people see how much income they have in accordance with the expenses. Individuals using a monthly budget can get a good handle on the money coming in and the various expenses causing the money to flow out. When individuals know where their money is going, it is much easier to make informed decisions about those expenditures and perhaps curtail unnecessary spending.

Investigate

Featured Resources

Reading for Information– What is a Budget? Students learn that a budget helps individuals manage their money and make good decisions. Terms included in the article are income, expenses, fixed expenses, variable expenses, and occasional expenses.

Question – Spend or Not Spend? Students search online for three “things” and three “experiences” that each cost around \$1,000. They decide whether each of these are a good or bad choice of spending along with why they feel that way.

Create/Discuss

Formative Assessment Performance Activities

Discussion: Spend or Not Spend? After students complete their list of “things” and “experiences”, have the class discuss their findings as well as why they think each of the items are a wise spending decision or a poor one.

Cash Flow Activity: Students are asked to track every expense they have throughout the week. They indicate whether the expense is for food, clothing, entertainment, or other. They can track their own money or an older member in their household.

Budget Game: This activity helps students understand the difference between needs and wants, along with preparing them to make choices about spending their money each month.

Supporting Question #2: What choices do people make to stay on budget?

Supporting Question

The second supporting question, “What choices do people make to stay on budget?” helps students learn that we all make choices and there are consequences to our choices. It’s important for students to understand that a key part of staying on budget is through controlling our wants. Students will work through a variety of scenarios reinforcing the differences between needs and wants.

Investigate

Featured Resources

Reading for Information – What’s Expendable? The National Retail Federation conducts a survey about what items consumers consider expendable (I can live without it) and untouchable (I must have it).

Survey Activity – What’s Expendable? After reading the article from the National Retail Federation (NRF), students conduct their own survey and interview individuals to consider what they expendable and untouchable items.

Reading for Information – Impulse Buying: Students read an article on impulse buying and why consumers fall prey to it. They learn tips to help them counter the urge to purchase something.

Investigation Activity - Changing Trends of Teen Spending: Students read about teen spending and are then asked to survey other teens at school of how they spend most of their money.

Investigation Activity-Wise Shopper: Student investigate wise shopping. What are strategies people use to be a wise consumer?

Create/Discuss
Formative Assessment Performance Activities
Wants and Needs Activity: Students learn that separating needs and wants is not always easy. Students are provided with brief scenarios and asked to complete the thought about when a want may become a need.
Scenarios of Wants and Needs: Students are asked to review various scenarios and determine what are wants, what are needs, and which decision should be made.
Living Within Your Means: Students work with a partner to review 3 scenarios. They are asked to determine whether or not the individual is controlling their wants and not spending more than they earn.
PACED Decision-Making Method: Students use a model which can help them when making a decision. Students read an example and then try it with a decision they need to make.

Supporting Question #3: How do you create a budget?

Supporting Question
The third supporting question, “How do you create a budget?” helps students become familiar with creating and categorizing items typically included in a budget. They will also learn about taxes and how those are also items to be considered when developing a budget.

Investigate
Featured Resources
Reading for Information –Taxes: Students will learn about federal, state, and local taxes.
Investigation Activity – Local Budget and Taxes: Students will look up their municipality or county budget to see where the tax dollars are budgeted.
Budgeting for Teens Activity: Students work through a scenario to create a budget for Eduardo. In Step 2 of the activity, students will be asked to create their own personal budget.
Reading for Information- 50/20/30: Students learn one budgeting technique.

Create/Discuss
Formative Assessment Performance Activities
Determining a Town’s Budget: Students will work in groups to make a fictional city budget and present to the class.
Calculating a Budget Activity: Students see an example of average household expenses. They then calculate monthly expenses for an individual with a monthly income of \$4,000. Students investigate average household expenses to determine whether or those identified are realistic.
50/20/30 Budget Worksheet: Students apply what they learned to a real-life situation.
Writing Prompt on Taxes: Students will read several quotes on taxes. They will pick one that resonates with them and write 2-3 paragraphs about it.
How Taxes Impact Spending: Students decide whether payments different individuals receive are taxed or not. They also calculate how much spending money everyone has at the end of the month.
Tax Calculations: Students will calculate item prices in different states according to the tax rate.

Ask

Compelling Question: How do people control wants to stay within a budget?

Reflect

Summative Assessment Performance Activities

Task	Develop an argument, using credible sources as evidence, to answer the question, "How do people control wants to stay within a budget?"
	Hold a Financial Fair at your school. This is a great way to highlight information about the importance of a budget and controlling wants. Students can bring awareness about this important topic to other grades in the school, staff, family members, and community members. For more information on Financial Fairs, visit www.econillinois.org .
Extension Activity	Use one of the project based learning activities below: <ul style="list-style-type: none">• Design a series of Public Service Announcements, for your school's morning announcements, that encourage students to begin budgeting.• Analyze sales tax rates from 5 or 6 big cities. Write a letter to a city council member explaining how a sales tax can affect a person's budget.• Have the students work with an adult in their life to come up with a family budget.