



Finance and Budgeting

Massachusetts Content Standards:

Mathematics Grades 5 – 6

Demonstrate an understanding of fractions as a ratio of whole numbers, as parts of unit wholes, as parts of a collection, and as locations on a number line.

Select & use appropriate operations to solve problems involving addition, subtraction, ... decimals, and percents.

Lesson Summary:

Students will use a basic accounting program to record credits and debits, analyze expenditures using a chart, and create a budget with recommendations on how to save money.

Estimated Duration:

This exercise will be completed over one week.

Commentary: *Because work is saved to the same USB stick the sugar operating system is on, students can complete the assignment at home or at school. In addition, this is a great way to share what students are working on with parents.*

Assessment:

This activity is assessed on multiple levels.

- Was the student able to live within their budget?
- Was the student able to accurately create pie charts to represent their income and expenditures?
- Was the student able to accurately calculate a budget?
- Were the student's recommendations on how to create room in their budget for savings and other items realistic?



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Instructional Procedures:

Day 1

- Students are introduced to the lesson. By random drawing, they are assigned jobs and incomes that are realistic with the real world.
- Students are then given housing options and transportation options of different costs and must choose their lifestyle.

Day 2

- Students live through the first two weeks of the month, getting paid, paying bills, purchasing other items such as food, clothing, and entertainment.
- Students must record all credits and debits in their ledger.

Day 3

- Students live through the following two weeks of the month, getting paid, paying bills, purchasing other items such as food, clothing, and entertainment.
- Students must record all credits and debits in their ledger.

Day 4

- Students analyze their successes and failures – did they have enough money put back to pay rent on the 1st, did they have enough food to eat, etc.
- Students will calculate their income to debt ratio and create charts to reflect this. Also, students will need to create charts that classify their spending categories based on percentage of total income.

Day 5

- Students must formulate a new budget. Housing expenses cannot exceed 25% of their income. Total debt to income ratio cannot exceed 35%. They must also put at least 10% in savings and plan for 10% charitable giving. Food, clothing, entertainment, and other expenses must be specifically budgeted for. A new chart should be made to show the new expenditures to income.
- Students must discuss any changes in their lifestyle



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that must occur if they are to live within their means. This can be done in written format, in small groups, or as a class. Have students explain how they made their choices regarding what to give up or add to.

Extension Activities:

Students may actually take a portion of their budget and see what kind of purchasing power that equates to. For example, if a student budgets \$100 for the month for groceries, they should go and record what they would purchase for that money and create a nutritionally balanced menu plan for the month.

Homework Options and Home Connections

One of the most important features of Sugar is its portability. Students should take stick home to share creations with parents or other family members. This activity helps students to prepare for life as an adult. Students may want to talk to parents about taking over a part of the family budget – perhaps being in charge of the meal planning and entertainment for a weekend on a given budget established by their parents.

Materials and Resources:

For teachers Job, housing, and car information, budget worksheets.

For students Sugar on a Stick (OS and software may be downloaded at <http://wiki.sugarlabs.org/go/Downloads>)

General Tips

See the Sugar Floss Manual at <http://en.flossmanuals.net/sugar> for more information.