

## Lesson 4: Back to School

### Part 3b: Budgeting Extension

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#### Lesson Description

In this lesson, students utilize the knowledge gained in Part 3a (Budgeting Basics) to track their personal expenses and develop a budget.

The lesson is designed for personal finance and other related classes.

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## Time Required

Entire activity will take place over the course of one month.

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## Concepts

Budget

Expenses, fixed and variable

Income, gross and net

Income, salary and wages

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## Objectives

The students will be able to:

- Implement the budgeting steps to complete a personal expense tracking and budgeting exercise.

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## Materials

- **Handout 8:** “Full-Scale Expense Tracking and Budgeting Worksheet,” one copy per student

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## National Curriculum Standards

### COMMON CORE STANDARDS

Grades 6–8 students	Grades 9–10 students	Grades 11–12 students
<b>College and Career Readiness Anchor Standards for Writing Production and Distribution of Writing</b>		
1. Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.		
<b>College and Career Readiness Anchor Standards for Speaking and Listening Presentation of Knowledge and Ideas</b>		
4. Present information, findings, and supporting evidence such that listeners can follow the line of reasoning and the organization, development, and style are appropriate to task, purpose, and audience.		

**National Curriculum Standards (continued)**

**JUMP\$TART NATIONAL PERSONAL FINANCE STANDARDS**

8th-Grade Students Additional Expectations	12th-Grade Students Additional Expectations
<b>Planning and Money Management</b>	
<b>Standard 1: Develop a plan for spending and saving.</b>	
<ul style="list-style-type: none"> <li>▪ Prepare a personal spending diary.</li> <li>▪ Discuss the components of a personal budget, including income, planned saving, taxes, and fixed and variable expenses.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Explain how to use a budget to manage spending and achieve financial goals.</li> <li>▪ Identify changes in personal spending behavior that contribute to wealth building.</li> <li>▪ Given a scenario, design a personal budget for a young person living alone.</li> <li>▪ Analyze how changes in circumstances can affect a personal budget.</li> </ul>

## Lesson Procedures

### BUDGETING EXTENSION ACTIVITY

Explain to the students they will undertake a full-scale expense tracking and budgeting exercise for one month.

Distribute a copy of Handout 8: “Full-Scale Expense Tracking and Budgeting Worksheet” to each student.

Note: The students can also use an Excel spreadsheet to record the information.

Have students estimate their total incomes and write these numbers on the line labeled **Estimated monthly income**. Remind them to consider all sources of income, including allowance, gifts, and wages. They should then complete the column **Monthly budget estimate** based on the **Estimated monthly income**. Remind students that this will be similar to the estimate they completed in the budget activity.

Distribute a copy of Handout 5: “Expense Tracker” to each student. Have students record all expenses using the tracker.

Each week students should use the information from the expense tracker to record the information in their budget worksheet. Additionally, each week they should record their weekly income.

At the end of the fourth week, they should generate a monthly total for each category by totaling weeks 1 through 4. They should then compare these numbers against their budget to determine a surplus or deficit.

Have students present their budgets and plans to the class.

## Handout 8: Full-Scale Expense Tracking and Budgeting Worksheet

### Directions

#### PART 1

1. Estimate your total income and write it on the line above the table, **Estimated monthly income**. Be sure to consider all sources of income, including allowance, gifts, and wages.
2. Based on your estimated income, complete the column **Monthly budget estimate**.
3. Use the Expense Tracker to track all your expenses.
4. Each week, use the information from the Expense Tracker to record the information in the Budget Worksheet.
5. Each week, record your weekly income.
6. At the end of the fourth week, generate a monthly total for each category by adding up weeks 1 through 4.
7. Compare against your budget estimate to determine a surplus or deficit for each category and overall.

Estimated monthly income: \_\_\_\_\_

Expense categories	Week 1	Week 2	Week 3	Week 4	Total Expenses (add weeks 1–4)	Monthly budget estimate	Surplus/ Deficit
Groceries							
Dining out							
Gas							
Entertainment							
Car payment							
Car repair							
Car insurance							
Gifts							
Rent							
Renter's insurance							
Health insurance							
Utilities							
School							
Clothing							
Credit cards							
Loans							

**Handout 8: Full-Scale Expense Tracking and Budgeting Worksheet  
(continued)**

Expense categories	Week 1	Week 2	Week 3	Week 4	Total Expenses (add weeks 1–4)	Monthly budget estimate	Surplus/ Deficit
Pet expenses							
Savings							
Haircut/Manicur							
Fees or dues							
Phone							
Other							
<b>Total expenses</b>							
<b>Total income</b>							

**PART 2**

Respond to the following questions in a one- to two-page reflective essay (typed and double-spaced).

- What challenges did you encounter with the assignment?
- How frequently and when did you record your transactions?
- Were you surprised by any of your spending habits?
- Reflect on the core question of this project, “How do you spend your money?”
- How will you change your spending and saving behavior?
- What insights did you gain?

*Katrina’s Classroom* was developed by a team of senior economic and financial education specialists at the Federal Reserve Bank of Atlanta.

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For additional classroom resources and professional development opportunities, please visit [www.frbatlanta.org/education](http://www.frbatlanta.org/education)