

## ECONOMICS STANDARDS:

PFM.8.E.2 Critique components of personal money management in order to build short-term and long-term wealth

PFM.8.E.4 Analyze income and expenses to create a household budget including food, shelter, transportation, utilities, insurance, savings, charitable giving, and other expenses

## FACS/CTE STANDARDS:

2.1.1 Apply time management, organizational, and process skills to prioritize tasks and achieve goals

2.1.2 Analyze how individuals and families make choices to satisfy needs and wants

2.7.3 Manage money effectively by developing financial goals and budgets

## QUANTITATIVE LITERACY STANDARDS:

M.1.QL.4 Use mathematical models to make decisions about purchases (e.g., buying a vehicle, home improvement, fashion trends)

SP.3.QL.5 Use probabilities to make and justify decisions about risks in everyday life (e.g., types of investments, taking medication, selecting car insurance, playing the lottery)

# BUDGETING BASICS

## HOW TO MANAGE SAVING & SPENDING



## MATERIALS INCLUDED:

- *Content Overview*
- *Key Vocabulary*
- *Discussion and Writing Prompts*
- *Small Group Activities*
- *Project Based Activities*





## **AUTHOR**

*Dr. Kathryn Carroll is an Assistant Professor of Family & Consumer Sciences at the University of Central Arkansas. Prior to joining UCA, she received a PhD in Consumer Behavior and Family Economics at the University of Wisconsin-Madison. In her research, she uses experiments and survey research to examine questions in the area of consumer decision making. Her work is designed to help address real-world problems, with the goal of providing useful information for individuals, producers, policy makers, retailers, and other stakeholders.*

## **EDITOR**

*Terra Aquia is the K12 Programs Coordinator at the Arkansas Center for Research in Economics at the University of Central Arkansas. She received her B.A. in History in 2016 and a Master of Arts in Teaching in 2022. In her role, she works with a variety of scholars to create interdisciplinary social studies educational content for K-12 teachers & students in Arkansas. Her research focuses on best practices for interdisciplinary teaching and active-learning pedagogy.*

## **ACRE**

*The Arkansas Center for Research in Economics is an Arkansas-focused research center housed in the College of Business at the University of Central Arkansas. Our scholars and policy analysts use academic research and original analysis to educate the public on important issues of public policy in Arkansas. Our research focuses on barriers to employment, taxes and subsidies, K-12 education, property rights, and government transparency. Through our K12 programs, we explore that proven record in the classroom, by creating learning opportunities for teachers and students exploring how economics works, how economists create & analyze data, and how economics applies to the lives of individuals, groups, and communities. The views expressed in this publication do not necessarily reflect those of the University of Central Arkansas.*

## **ACKNOWLEDGEMENTS**

*We would like to thank Rebekah Luong and Monica Lieblong, whose past collaboration on personal finance case studies with Kathryn Carroll for the Family and Consumer Sciences program at UCA helped inform these materials. We also thank Alexi Toles and Madison Robbins for valuable assistance in testing and piloting the student budget scenarios. Lastly, we thank attendees from the 2021 and 2022 Personal Finance Days with UCA for useful feedback on prior versions of the materials featured here.*

# TABLE OF CONTENTS

## I. INTRODUCTION

<i>Introduction</i>	1
<i>Essential Questions</i>	1
<i>Learning Objectives</i>	1
<i>Digital Resource Recommendations</i>	2

## II. KEY VOCABULARY

<i>Vocabulary List</i>	4
<i>Vocabulary Activity Recommendations</i>	4

## III. ACTIVITIES

<i>Classroom Activities Overview</i>	5
<i>Activity One: Net vs. Gross - Net is What You Get</i>	6
<i>Activity Two: Building a Budget: Savings &amp; Expenses</i>	8
<i>Activity Three: Student Budget Scenarios</i>	13
<i>Activity Four: Student Spending Tracker</i>	18
<i>Activity Five: Podcast Listen &amp; Response</i>	20

## DIGITAL RESOURCE GUIDE

Scan this QR Code or visit <https://rb.gy/mtzl84> to access digital resources for this curriculum.



# INTRODUCTION

Learning how to track your income and expenses on a regular basis is a foundational financial literacy skill. Before students dive into topics like building wealth, they need to know what their income and expenses are and how they can project what they will be in the future. When a student receives their first paycheck, what do they do next? Do they know what taxes they paid? Will they pay themselves first, by creating savings goals? Do they have future purchases, like cars, apartments, or education that they would like to pursue? In order to meet these goals, students need to master budgeting.

# EARNING AN INCOME

Students in your classes will have a variety of experiences with personal incomes. Some students may receive an allowance from their families. Others may have a job like babysitting, pet care, or housekeeping where they are paid in cash. Some students will have part-time or full-time jobs at local businesses. No matter the dollar amount being earned, students can use budgets to keep track of their incomes. Starting early means that students can track and watch their personal incomes grow over time as they gain skills and knowledge, get new jobs and careers, and begin to earn even more money.

When tracking income, it is important to understand the difference between gross income and net income. Anyone who receives a paycheck can review their pay-stub for a breakdown of these amounts, as well as information about the taxes they paid during their last pay period.

## For example:

Job: Full Time (40 Hours) Minimum Wage (\$11)  
Paid Weekly

**Gross Pay:** \$440

## Taxes:

Federal Income Tax: \$19.10

Social Security: \$27.28

Medicare: \$6.38

State Income Tax: \$8.59

If you have any additional benefits offered through your employer, like a health insurance plan or retirement savings program, you will also see those amounts deducted from your gross pay:

## ESSENTIAL QUESTIONS:

How should I organize my spending and saving?

What is the difference between a fixed expense and a variable expense?

How much of my income should I be saving?

How do I plan for large purchases?

## LEARNING OBJECTIVES:

Students will build budgets for a variety of life scenarios.

Students will judge budgets for families of different sizes and income levels.

Students will investigate factors that impact one's ability to save and invest.

Students will apply strategies to monitor income, interpret spending and evaluate expenses (budgeting), plan for purchases, and save for future goals.

## NOTES:

## DIGITAL RESOURCE:

Looking for additional budgeting activities to build out your lesson plan? Try a few of the online games available from NextGen Personal Finance.

In Money Magic, students help a character reach their savings goals as they travel through several rounds of gameplay.

In SPENT students are challenged to live through a month on an average paycheck. Will they have any money to put toward saving, or will all of their money be SPENT?



## NOTES:

Vision Insurance: \$3  
401K Savings Plan: \$25

**Net Pay: \$354.63**

(Calculations from ADP as of August 2022)

In order to accurately build your budget, you must use your NET pay. Using the example above, someone who planned their budget around their gross pay instead of their net pay would find themselves over \$100 short by the end of the week. These are the types of errors that can lead to missed payments and debt accumulation.

## LEARNING TO SAVE:

While the saver in our example is saving \$25 a week for their retirement (plus employer contributions, but that's for a later lesson!) students' first saving steps will probably involve them saving independently, by either opening a simple savings account or by tucking away small amounts of cash on a regular basis. Not only should savings be included in a budget, moving income into savings should be step number one—also known as “Paying Yourself First.” Even if you can only save a few dollars, building a habit of consistent saving can increase your financial success.

## TRACKING EXPENSES:

If you haven't built the habit of tracking your expenses, it can come as a surprise to see how quickly a few days worth of expenses add up. Between gas to get to work, a coffee as a treat, new shoes to replace last season's; you can easily end up spending a hundred dollars in a day. Budgeting provides a way for us to plan for and keep track of the purchases we make with our income. Some are fixed expenses that are a consistent amount month to month, like your rent/mortgage, or your car payment. Small purchases like the ones above as well as things like groceries or big events like prom or graduation are variable expenses. These expenses are more irregular and the amounts required could fluctuate for various reasons, including the time of year, supply shortages, or rising inflation. (See Activity Five for a lesson where students see this example in-action with Back-to-School supply shopping.)

## CONCLUSION

Once students learn how to allocate their incomes, what taxes they pay, and how to plan out their take-home pay by budgeting for fixed and variable expenses, they can then take additional steps toward building wealth and achieving their personal financial goals.

The best way for students to learn how to budget income and expenses is through practice! The activities included in this curriculum provide students a chance to practice building budgets using their expected incomes as well as analyzing the financial decisions of others and providing feedback on their choices. These hands-on activities show students practical, real-world examples of financial decision making.

## REFERENCES:

Automatic Data Processing, Inc. (ADP). (2022). Salary paycheck calculator tool. Available online at:

<https://www.adp.com/resources/tools/calculators/salary-paycheck-calculator.aspx> (Accessed August 2022).

Bajtelsmit, V. L. (2019). *Personal Finance* (2nd ed.) John Wiley & Sons.

Kapoor, J., Dlabay, L., Hughes, R.J., and M. Hart (2022). *Focus on Personal Finance: An Active Approach to Help You Achieve Financial Literacy* (7th ed.) McGraw Hill.

Kobliner, B. (2017). *Get a Financial Life: Personal Finance in Your Twenties and Thirties*. Simon and Schuster.

Minnesota Council on Economic Education. (2019). *Making Personal Finance Decisions - Unit 5: Budgeting*. Developed in partnership with the Federal Reserve Bank of St. Louis. Available online at: <https://www.stlouisfed.org/education/making-personal-finance-decisions-curriculum-unit>. (Accessed August 2022).

Next Gen Personal Finance. (2022). *Budgeting Unit*. Available online at: <https://www.ngpf.org/curriculum/budgeting/>. (Accessed August 2022).

## DISCUSSION PROMPTS:

What are your students future career goals? Have they thought about where they will want to or need to live for certain kinds of employment? Questions like these can lead to some engaging classroom conversations. The following questions can be used for Think-Pair-Share Discussions or as short introductory writing prompts:

"Choose a career that you are either planning on pursuing or that you are interested in investigating further. What is an average salary for that career?"

"Where do you want to live when you graduate? Do you want to live in a small town or move to a big city? Find and note some estimates for rent, utilities, groceries, and transportation in the city you want to live in."

"We all have expensive things that we want to have, but don't really need to survive, like a new phone, the latest gaming console, or a fun trip with our friends. Share a fun purchase you would like to make and what steps you would take to make it."

# KEY VOCABULARY

**Balanced Budget:** Does your budget balance out to \$0 at the end of the month? Did you spend exactly what you earned? If so, you have a balanced budget.

**Gross pay/income:** Your pay before any taxes or other deductions are taken out. Because you often have to pay taxes and other deductions, your gross pay is usually higher than what you actually get in your paycheck!

**Net pay/income:** This is your take-home pay-----the money you actually get in your paycheck (or deposited into your bank account!) Net pay is what is left over after taxes and other deductions have been subtracted from your gross pay.

**Fixed Expense:** These are expenses that remain the same from month to month.

**Variable Expense:** These are expenses that vary a little or a lot from month to month---you may have a rough estimate as to what these expenses may be, but you often don't know the EXACT expense until you receive the bill/pay for it!

**Surplus:** At the end of the month, did you spend less than you earned? Do you have money left over? If so, you have a surplus.

**Deficit:** At the end of the month, did you spend more than you earned? Do you have expenses not covered by your income? If so, you have a deficit.

# VOCABULARY ACTIVITY SUGGESTIONS:

**Student Vocabulary Competitions:** Split your classroom into two teams. Going back and forth between the groups and ask students to define the vocabulary term. If the student gets the term correct, they earn one point. The same student can then attempt to correctly use the term in a sentence for an additional point for their team. Alternate between the two groups until each student has had a chance to define a term.

This competition style learning keeps students engaged and motivates them to learn terms and how to use them in the proper context. This activity is great for a unit review.

**Enriched Essays:** Using a word bank, ask students to craft essays using vocabulary from the unit. Below are some prompts students could use to get started:

- A family is going over their budget to see if they can afford to take a family vacation to the beach. Using vocabulary from the unit, explain how the family will determine whether or not they can afford to take their trip.
- Is it important to have a "Balanced Budget?" Using vocabulary terms from the unit, describe how one would create a budget and what steps they would need to take to balance their budget.
- Once you start earning money, it is a good idea to create a monthly budget. Should you use gross pay, or net pay, when creating your budget? Why?

**Visual Diagramming:** Using unit vocabulary, have students create a chart or table that is labeled with the appropriate terms. Encourage student creativity by using poster board and markers to create classroom displays, or have students work on their digital literacy skills by using software like Google Sheets or Microsoft Excel to create their displays.



# CLASSROOM ACTIVITIES OVERVIEW:

## ACTIVITY ONE: NET VS. GROSS - NET IS WHAT YOU GET (30 MINUTES)

Students will compare the difference between gross vs. net pay, and determine what kinds of taxes and how much in taxes are taken out of their gross pay. Using a paycheck calculator, they will estimate how much in net pay they would receive from a weekly paycheck. While using the linked paycheck calculator is recommended, you can also look up and use estimated tax amounts if your students don't have access to an online calculator.

## ACTIVITY TWO: BUILDING A BUDGET: SAVINGS & EXPENSES (30 MINUTES)

In this activity, students use their career interests and expected salaries to make personal financial decisions. Students investigate living arrangements, the cost of groceries, utilities, and other living expenses. They also consider how much they will be able to save from each paycheck using income estimates from the careers they are interested in pursuing.

## ACTIVITY THREE: STUDENT BUDGET SCENARIOS (45 MINUTES)

For this activity, place students in small groups and assign the group one of the three scenarios included in this curriculum. Using the worksheets provided, students create a **current monthly budget** for their character using the information provided. Building off of this current budget, students then construct a **suggested budget** that accounts for all monthly fixed and variable expenses. At the end of the budget, students determine whether each has a surplus, deficit, or is a balanced budget and if they are on track to meet their long term financial goals.

## ACTIVITY FOUR: STUDENT SPENDING TRACKER & REFLECTION (OUT OF CLASS PROJECT)

Students might not think they need to worry about learning how to budget income or expenses if they aren't regularly earning money or think they don't spend very much. Using the spending tracker, have students track their (or their family's, with permission) spending for one to two weeks, and categorize the purchases made over the time period. Students can then reflect on how much small daily purchases add up over time.

## ACTIVITY FIVE: PODCAST LISTEN & RESPONSE (20 MINUTES)

Students listen to or read podcast/transcript and respond to questions about inflation, back-to-school shopping, and how families plan for small purchases throughout the year. They then complete an activity where they shop for school supplies on a tight budget.

**NAME:**

**DATE:**

**CLASS PERIOD:**

## **NET VS. GROSS - NET IS WHAT YOU GET**

Learning Objective: *Compare the difference between gross vs. net pay, and determine how much in taxes are taken out of your gross pay. Using a paycheck calculator, estimate how much in net pay you would actually get in your paycheck.*

1) You just started a new job at Don Pepe's Gourmet Burritos & Tacos! The Manager has you scheduled to work 20 hours a week (3 hours per day after school, and 5 hours on the weekend). The hourly pay is \$11/hour. You are paid weekly.



A. What is your weekly Gross pay? (hint: use your hourly pay, and the number of hours worked per week!)

B. Based on your weekly Gross pay from above, what is your monthly Gross pay? (assume a 4-week month):

2. Using a Salary Paycheck Calculator, find your weekly take-home (Net) Pay (the wage you actually take home each month, after deductions)



A. What kinds of taxes do you pay on your earned income?

B. How much in taxes were taken out of your weekly paycheck?

# NET VS. GROSS - NET IS WHAT YOU GET

C. What is your **weekly** take-home (net) pay?

D. Based on your weekly take-home (net) pay from above, what is your monthly take-home (net) pay? (assume a 4-week month):

E. How much in taxes are you paying on a monthly basis? (assume a 4-week month; assume you are only paying taxes out of your paychecks):

**2) Congratulations! You just graduated, and have been promoted to a full time position at Don Pepe's Gourmet Burritos & Tacos! The Manager has you scheduled to work 40 hours a week. The hourly pay is now \$13/hour. You are paid weekly.**



A. What is your new weekly Gross pay? (hint: use your hourly pay, and the number of hours worked per week!)

B. Based on your weekly Gross pay from above, what is your monthly Gross pay? (assume a 4-week month):

C. How much in taxes were taken out of your new weekly paycheck?

D. What is your new **weekly** take-home (net) pay?

E. Based on your weekly take-home (net) pay from above, what is your new monthly take-home (net) pay? (assume a 4-week month)



**NAME:**

**DATE:**

**CLASS PERIOD:**

Activity 2

## **BUILDING A BUDGET: SAVINGS & EXPENSES**

*Learning Objective: Using a salary projection from a career you are interested in, investigate the financial choices you'd be able to make given your estimated income. **HIGHLIGHT** the decisions you make throughout the activity and write in your total spending amounts for each category. At the end, you should have a running total of your monthly cost of living.*



### **SAVINGS**

Savings Goal---Emergency Savings Fund:

- “Pay yourself first” by putting aside a percent of your net pay into a savings account. Choose one of the percent’s below, and calculate how much you’ll be saving off your net pay.

**CHOOSE ONE:**

- 5% → this is low, but better than nothing
  - 10% → this is a good goal for your first career; increase later
  - 15% → terrific savings goal!
- 
- Savings = Net Pay (monthly) \* % savings (remember 5% = .05)

### **EXPENSES**

**Rent:**

To determine how much you will spend on rent, choose the type of living situation you see yourself in.

**CHOOSE ONE:**

**Option A: Live at home**

**Option B: Live in an apartment/house by yourself**

**Option C: Live in an apartment/house with roommates**

# BUILDING A BUDGET: SAVINGS & EXPENSES

**Option A:** If you're planning to live at home or with other relatives, estimate how much they're going to charge you per month. Better yet, ASK! Do not assume they'll let you live rent-free! Record the answer in Monthly Rent on your worksheet.

If you're planning to live on your own or with roommates, continue on.

**Option C:** If you are willing to live with one or more roommates, follow the steps above to find estimates for a 1-2 bedroom apartment and explain how you would divide up the space and split the costs of renting.

## Renter's Insurance

You want to have renter's insurance, to cover replacement of your belongings in case of theft or apartment-wide damage (flood, fire, etc). Unless you have a lot of expensive furniture/items, budget \$20 for Renter's Insurance per month.

## Utilities

- If you're living with family, they may expect you to chip in full or partial amounts. (Ask what you owe)
- If you're living on your own, you'll be paying the full costs.
- With roommates, you get to split a lot (but not all) of these costs.
  - Remember to divide those bills by the # of people!

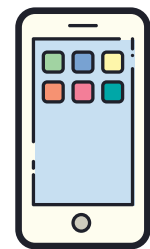
- Electric/Gas \$165
- Water \$25
- Internet \$50
- Home Phone \$20
- Television
  - Broadcast TV \$0
  - Streaming \$45
  - Basic Cable \$80
  - Premium Cable \$125

- Cell Phone
  - 2G Data \$65
  - Unlimited \$85

TOTAL Utilities: (Don't forget to divide if you chose a roommate option)

**Option B:** If you want to live completely on your own, look up average rent prices for the area you are interested in living in to come up with your monthly rent estimate:

1. Input the city you would like to live in after college.
2. Look at STUDIO or 1 BEDROOM rental options
3. Enter the estimated rent price for your MONTHLY RENT
4. Are there application fees or deposits you must pay to rent this apartment? List out those fees.



# BUILDING A BUDGET: SAVINGS & EXPENSES

## Car Payment

- If you're going to have a car, choose one of the following Car Payments (3-year loan, 4.75%)
  - \$8,000 car -- \$240/mo
  - \$10,000 car -- \$300/mo
  - \$15,000 -- \$450/mo
  - \$20,000 car -- \$600/mo
  - \$30,000 car -- \$900/mo
  - \$45,000 -- \$1340/mo

Do you plan on living somewhere with public transportation? If so, you can put \$0 for a car and instead look up average public transportation costs for the area you are interested in.

## Car Insurance

National average for auto insurance is \$1,621 per year (\$136 per month) and the minimum coverage is \$676 per year (\$56 per month). You must be insured!

## Car Maintenance

Assume \$100 per month -- some months will be \$0, but some will be expensive!

## Gas

Estimate how many miles you'll drive per day and use this chart to find your gas prices (based on \$4.50/gallon and 23.6mi/gallon)---gas is more expensive right now, yikes!

Miles Per Day:	Monthly Cost of Gasoline:
25	\$147
35	\$205.38
45	\$264.06

Choose which meal plan you're likely to follow for the cost of groceries:

- Thrifty - cheapest brand available, very limited fresh produce, limited meats \$178
- Low Cost- store brands, generic, limited fresh produce and meats \$233
- Moderate Cost- some name brands, some fresh produce, some meats \$288
- Higher Cost- more expensive brands, more fresh produce, expensive cuts of meat \$350

# BUILDING A BUDGET: SAVINGS & EXPENSES

Choose which plan you're likely to follow for the cost of Dining Out:

	<b>\$10/meal</b>	<b>\$15/meal</b>	<b>\$20/meal</b>	<b>\$30/meal</b>
<b>1 meal/week</b>	\$40	\$60	\$80	\$120
<b>2 meals/week</b>	\$80	\$120	\$160	\$240
<b>3 meals/week</b>	\$120	\$180	\$240	\$360
<b>5 meals/week</b>	\$200	\$300	\$400	\$600

Calculate the cost of your insurance:

- Health Insurance - \$440/month
- Dental Insurance - \$30/month
- Vision Insurance - \$18/month



## Haircare/hair appointment

If you know how much you pay for a haircut / hair appointment, enter it. If you're not sure, use the US average: \$50

- Haircuts are \$10-15 cheaper for men and people with short hair.
- Braiding or coloring can cost \$100 or more
- If you only get a haircut / hair appointment every 3 months, divide the cost by 3.

## Other Grooming/Hygiene

Everyone's different, but let's assume \$25/mo for other hygiene, medication, grooming, or personal needs.

## Gym Membership

If you don't workout, or you do it free outside or at home, enter \$0. Otherwise, assume \$28/mo for a gym membership.

# BUILDING A BUDGET: SAVINGS & EXPENSES

## Student Loan Payments

If you did not go to any post-high school schooling, or you somehow did so without any student loan debt, congrats on paying \$0/month!

Otherwise, choose your best estimate based on how much debt you'll have when done with college:

Debt	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000
Monthly Loan Payment	\$115	\$230	\$345	\$460	\$575

## Discretionary Spending

So far, your budget may be neglecting FUN STUFF (clothes, going out with friends, entertainment, new technology, gift giving, donations, travel, vacations, a morning coffee, etc.). Under 'Wants' record how much you'd like to be able to spend on these items (total) per month.

## Total:

How much did you determine you would need to earn per month to meet all of your wants and needs? Do you think the career you've selected will earn enough for you to maintain a balanced budget?





NAME:

DATE:

CLASS PERIOD:

## STUDENT BUDGET SCENARIOS: NOTE TAKING GUIDE

*Learning Objective: In this activity, your group will receive a Student Budget Scenario. Your character will have a specific financial situation and financial goals. Your task is to create a Monthly Budget for your character using the information they provide. You should calculate their income and expenses to determine if they are running a surplus or deficit in their current monthly spending. Then, you will create a REVISED Monthly Budget with suggestions you provide to your character for meeting their long term financial goals.*

1. Which case study did you select/receive? Take some notes about basic information you've learned about your character's income and expenses, as well as their short and long term goals. Write your notes in either complete sentences or detailed bullet points.
  
2. At the end of your character's CURRENT monthly budget, do they end with a Surplus, (Deficit), or a Balanced Budget? How do you know?
  
3. On your budget sheet, you made changes that you think will help your character meet their financial goals. What changes did you make? How do you think your character will need to adjust their lifestyle in order to maintain their new budget?



# STUDENT BUDGET SCENARIOS:

## TANNER



Tanner is 17 years old, a senior at Conway High School, and currently works a part-time job in the evenings as a stocker at Walmart earning \$13/hour. Tanner usually works 18 hours per week and is paid weekly. He has a 3-mile commute to and from work. He doesn't remember what his weekly paychecks are exactly, however, you can use the ADP Salary Paycheck Calculator to find his weekly take-home (Net) pay (assume a 4-week month).

Each month, Tanner budgets for the following expenses: \$200 for take-out and restaurants, \$180 for his car payment (the loan is in his mom's name, so he pays this to his mom), \$75 for gas, \$100 for clothes and sneakers, \$50 for video games, and \$100 towards his cell phone bill.

He uses his paychecks from Walmart to pay for these expenses. His mom also gives him an allowance of \$20/week.

Tanner is hoping to attend UCA after graduation and will be paying for college himself. He has thought about saving for college but hasn't started yet. He would also like to buy a new iPhone 13 Pro Max, and a pair of AirPods. His car will need some work done on it soon as well since it is an older vehicle, but he hasn't put any money away yet for this.

# STUDENT BUDGET SCENARIOS:

## ALEXA



Alexa is 15 years old, a sophomore at North Little Rock High School, and currently works a part-time job on the weekends at Ollie’s Bargain Outlet earning \$11/hour. Alexa usually works 16 hours per week and is paid weekly. She doesn’t remember what her weekly paychecks are exactly, however, you can use the ADP Salary Paycheck Calculator to find her weekly take-home (Net) pay (assume a 4-week month).

Each month, Alexa budgets for the following expenses: \$150 for take-out and restaurants, \$250 for hair and nails, \$75 for gas, \$200 for clothes and sneakers, \$80 at Ulta Beauty, and \$110 for her cell phone bill.

She uses her paychecks from Ollie’s to pay for these expenses. Her grandmother also pays her \$15/week to clean her house.

Alexa is hoping to attend welding school after graduation and will be paying for her education herself. She has thought about saving for this, as well as a future car, but hasn’t started yet. She would also like to attend homecoming this year, and is planning to buy a custom gown.

# STUDENT BUDGET SCENARIOS:

## JAVIER



Javier is 16 years old, a junior at Cabot High School, and currently works a part-time job in the afternoons at a local car wash earning \$14/hour. Javier usually works 12 hours per week and is paid weekly. He doesn't remember what his weekly paychecks are exactly, however, you can use the ADP Salary Paycheck Calculator to find her weekly take-home (Net) pay (assume a 4-week month).

Each month, Javier budgets for the following expenses: \$75 for take-out and restaurants, \$225 for car insurance, \$95 for gas, \$100 for clothes and sneakers, \$120 for the movies, and \$110 for his cell phone bill.

He uses his paychecks from the car wash to pay for these expenses. Javier also works a second job pet sitting, where he is paid \$25/week.

Javier is planning to buy a newer car soon and is hoping to save up a \$1000 down payment. He would also like to buy a \$400 pair of Nike Air Jordans. He owes his Uncle \$600 because he recently had to put a new set of tires on his current car. He hasn't started paying his Uncle back yet, but he needs to soon.

**NAME:****DATE:****CLASS PERIOD:**

## STUDENT SPENDING TRACKER REFLECTION

*Learning Objective: You may not think you need to worry about learning how to budget income. Maybe you aren't working yet, or maybe you just don't spend that much money throughout the week. Over the next two weeks, use a spending tracker to monitor the purchases that you make. Note the amount you spend and the type of purchases it was (gas, clothing, food, etc.) You are not required to share this information with anyone. After completing your tracker, reflect on your financial decision using the prompts below.*

**How much money did you spend over the course of two weeks? Does this amount surprise you, or does it seem about right?**

**What category of purchase did you make the most?**

**If you were to make a monthly budget, how would you account for purchases like ones you made throughout the past two weeks? Would you budget for specific categories like clothing or eating out? Are there particular limits to your spending you want to set?**

**Now that you have an idea of what you spend over the course of two weeks, do you have an idea for a savings goal that seems reachable? Explain why or why not.**

# SPENDING TRACKER

Dates Tracked: \_\_\_\_\_

Date	Description	Category	Amount
		Total	

NAME:

DATE:

CLASS PERIOD:

## PODCAST LISTEN & RESPONSE ACTIVITY

[Binders, Backpacks... and Inflation are on this Year's Back-to-School Shopping List](#)

Alina Selyukh for NPR: Morning Edition

August 3, 2022

*Learning Objective: Listen to or read the linked podcast discussing back-to-school spending and the cost of supplies, lunches, field trips, and other school expenses families consider. Then, independently or with a partner, answer the following questions.*

Question One:

Are back-to-school expenses like school supplies, food for meals, and additional money for afterschool clubs, sports, and programs considered FIXED or VARIABLE expenses? Explain why.

Question Two:

Using the **National Retail Federation Annual 2022 Back-to-School Survey table**, answer:

- How much has Back-to-School Spending per Household increased since 2007?
- What does the author point to as a main factor in the increase in Back-to-School Spending per Household that has occurred since 2019?

Question Three:

Using your phone or a computer to access a search engine:

- If you had a \$10 budget to spend on school supplies, list some items you would be able to purchase. Include the item's cost and get as close to your \$10 budget as possible without going over:

- Using a standard [Back-to-School shopping list](#), calculate how much a full list of products would cost. What are some strategies families can use to budget for expenses like these?



**Binders, Backpacks... and Inflation are on this Year's Back-to-School Shopping List**  
**Alina Selyukh for NPR: Morning Edition**  
**August 3, 2022**

Back-to-school shopping for her three children, Stephanie Maddox recently picked up a bottle of hand sanitizer and noticed it was more expensive than she remembered. Then, she looked at binders, finding fewer options, all with higher price tags.

"My budget is bigger this year... but it seems like it doesn't matter much," says Maddox, from Alabama. Deals feel less like deals, she says, and more like normal prices she used to see.



People shop for school supplies at a Target store in Miami, Fla., on July 27. Marta Lavandier/AP

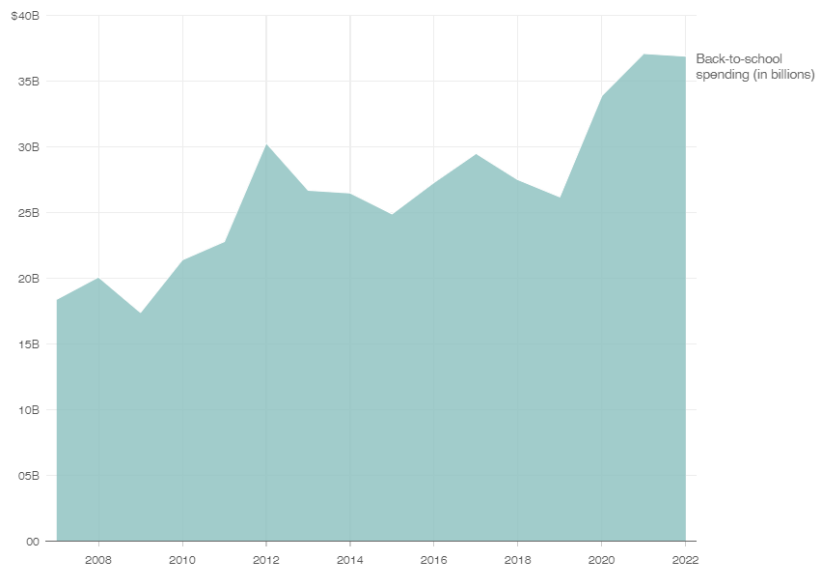
**That is exactly how inflation works: spending more but not getting more.**

After months of worrying about the pandemic, shoppers now say higher prices are their top concern — right as back-to-school season began. Spending on school clothes and supplies this year is on track to match last year's record of \$37 billion, according to the National Retail Federation. The group estimates that families with school children will spend an average of \$864, or \$15 more than last year.

Inflation being at a 40-year high is a key driver of this year's near-record spending, says Keisha Virtue, senior retail research analyst at JLL who surveyed back-to-school shoppers. Almost half the parents in JLL's survey said they expected to buy fewer products this year, planning to focus on necessities — because of inflation.

**Shopping on back-to-school items remains strong, even with high inflation**

This year's expected back-to-class spending of \$37B is on par with last year's record highs and exceeds pre-pandemic levels.



Source: National Retail Federation Annual 2022 Back-to-School and Back-to-College Survey  
 Credit: LA Johnson/NPR

## Binders, Backpacks... and Inflation are on this Year's Back-to-School Shopping List

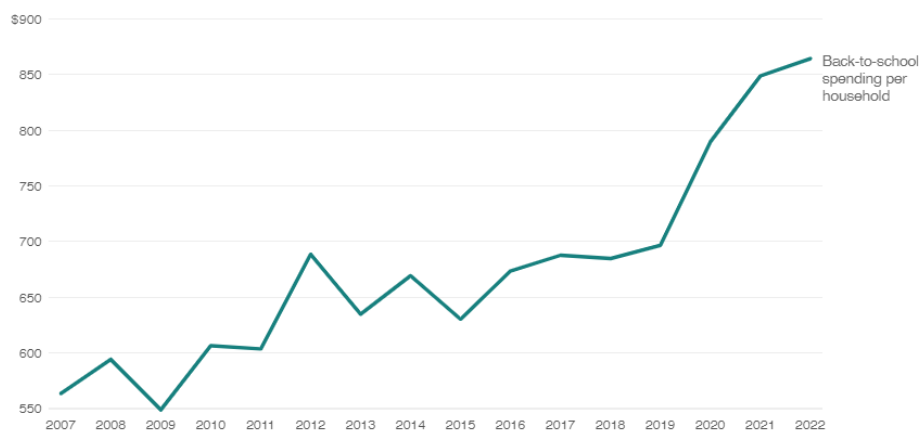
Alina Selyukh for NPR: Morning Edition

August 3, 2022

The NRF's survey also found more families saying they plan to skip travel or dip into savings to pay for back-to-school supplies. More parents than before said they plan to reuse supplies they already have.

Generally speaking, American shoppers are still spending a lot on back-to-school supplies — certainly more than before the pandemic. Broadly, wages have been rising, unemployment remains low, people's savings levels are relatively healthy. But financial anxiety is now a common part of the experience.

Expected back-to-school spending per household



Source: National Retail Federation Annual 2022 Back-to-School Survey  
Credit: LA Johnson

"I just feel for the first time maybe in my entire experience of being a mom, that I'm pausing on buying kind of more basic things that I used to not even think twice about," says Mary Rynsburger, a teacher from Michigan who has triplets going to 10th grade and another daughter starting senior year. When it comes to food, hardest-hit by inflation, she still get her usual fare, but might skip things that no longer seem worth it, like soft drinks or chips. "I just don't think I'll enjoy those Doritos, knowing they cost more," she says, with a laugh.

Brands and retailers say they have noticed people begin to change how they shop: more likely to choose store brands or wait out deals. Walmart — the top U.S. destination for back-to-school shopping — says it has had to keep lowering prices for clothes and other non-necessities to get people beyond the food aisles.

In interviews, parents say they're looking forward the normal routines of the school year, eager to leave pandemic-era virtual school in the rear view mirror. But of course, that also means budgeting for the extras that entails — long after back-to-school shopping is done.

"It'll be fees for costumes, fees for musical instruments, field trips — none of these things would have existed last year," says Katya Banta from Texas, whose children start 4th and 9th grade. "So, yes, this year I'm expecting to pay more. But I'm also back to work, we were working as many hours as we can work — that's going to balance out as well, so I'm hopeful that it will be ok."

# Back to SCHOOL

## Generic Supplies List



- 3 Ring Binder
- Notebook Paper
- Ink Pens (blue, black, red)
- Highlighters
- Hole-punch
- Tape
- Stapler and staples
- Binder clips
- Hand Sanitiser
- Lunch Box
- Scissors
- 
- 
- 2 Pocket Folders
- Spiral notebooks
- Pencils
- Headphones
- Glue Sticks
- Reusable Water Bottle
- Erasers
- Staple remover
- Ruler
- Tissues
- Backpack
- 
-



**ARKANSAS CENTER FOR  
RESEARCH IN ECONOMICS**  
UNIVERSITY OF CENTRAL ARKANSAS