

Instructional Recipe

How Do Budgets Work?

Third Grade, Social Studies & Math

Step 1 – Ask

Objectives: Students will identify ways to earn, spend and save money. Students will create and analyze a budget that allocates money for spending and saving.

Introduction: 1.) Use the following column from *US Kids* as a springboard to writing. The column features a question about spending/saving that was submitted by a young person. Ask your students to write a response to the question, and compare their responses to those given by the magazine's student panel.

Spendthrift City. U+S+ Kids, Jan/Feb95, Vol. 8 Issue 1, p38, 2p, 1 cartoon, 5 color; Reading Level (Lexile): 670; (AN 9501036450)

2.) Demonstrate the power of saving using an online compound interest calculator such as the one on the National Council for Economics Education's Web site:

<http://lei.ncee.net/interactives/compound/>

Demonstrate how saving as little as \$10.00 a month from age 8 until retirement can produce a great deal of money. Students will enjoy the visual examples available on this site.



"banking: opening a savings account." Online Photograph. Encyclopædia Britannica Online School Edition. 9 Aug. 2008
<http://school.eb.com/elementary/art-86832>.

Ask:

- ★ How do I decide how much to spend and how much to save?
- ★ What is opportunity cost?
- ★ How do budgets work?

Vocabulary:

- ★ spending- using money to buy a good or service
- ★ saving- not spending now; keeping money for the future
- ★ budget- a plan for spending and saving income
- ★ opportunity cost- the best alternative you give up when you make a choice

Social Studies TEKS:

(3.8) **Economics.** (A) identify ways of earning, spending, and saving money; and (B) analyze a simple budget that allocates money for spending and saving.
 (3.16) **Social studies skills.** (E) interpret and create visuals including graphs, charts, tables, timelines, illustrations, and maps.
 (3.17) **Social studies skills.** (B) create written and visual material such as stories, poems, pictures, maps, and graphic organizers to express ideas; and (C) use standard grammar, spelling, sentence structure, and punctuation.

English/Language Arts TEKS:

(3.12) **Reading/inquiry/research.** (D) use multiple sources such as an encyclopedia, technology, and experts to locate information that addresses questions; and (G) organize information in systematic ways, including notes, charts, and labels.

Technology Application TEKS:

(5) **Information acquisition.** (A) acquire information including text, audio, video, and graphics.
 (7) **Solving Problems.** (A) Use software programs with audio, video, and graphics to enhance learning experiences (B) Use appropriate software to express ideas and solve problems including the use of word processing, graphics, databases, spreadsheets, simulations, and multimedia

Step 2 – Investigate

With teacher guidance, students can explore the following resources from Searchasaurus (keyword searches: budget; money AND save).

EBSCO Resources:

- ★ **Kids at Work**. Highlights for Children, Oct98, Vol. 53 Issue 10, p20, 2p, 1c; Reading Level (Lexile): 660; (AN 1071446)
- ★ **YOU CAN GET MONEY SMART!** By: Clements, Jonathan. Boys' Life, Oct2004, Vol. 94 Issue 10, p39-39, 0p, 1 color; Reading Level (Lexile): 600; (AN 14546566)
- ★ **HOW TO MAKE A BUDGET**. By: Gershenson, Gabriella. *Junior Scholastic*, 9/19/2005, Vol. 108 Issue 2, p15-15, 1p, 1 chart, 1 color; Reading Level (Lexile): 750; (AN 18296809)
- ★ **WATCH YOUR MONEY GROW**. By: Hagen, Barbara. *Appleseeds*, Mar2005, Vol. 7 Issue 7, p12-13, 2p, 1 cartoon; Reading Level (Lexile): 600; (AN 16355877)

Additional Websites:

- ★ Kidsbank- <http://www.kidsbank.com/> (see section on interest)
- ★ Learning, Earning & Investing- <http://lei.ncee.net/interactives/compound/>

Books: *Budgeting* by Sandra Donovan
Living on a Budget by Cecilia Minden



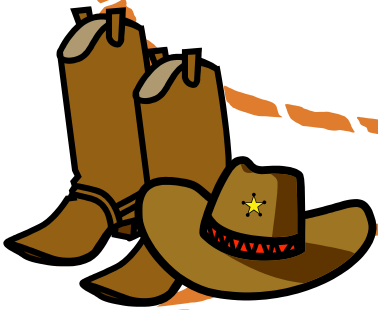
Step 3 – Create

Students can take notes on the EBSCO articles and interview their classmates to find out how kids earn money (e.g., birthday gifts, doing chores, other jobs). Students can also find out how kids typically spend their money. Finally, students can brainstorm ways to save money (e.g., piggybank, bank account) and explain the merits of different methods.

Earning	Spending	Saving

Step 4 – Discuss

- ★ Earning, Spending & Saving Poster—Students will work in small groups to create a poster explaining the concepts of earning, spending, and saving. The poster will include a sample budget (appropriate for third grade students) that includes all three concepts.
- 🔗 Technology Link – Students may use a presentation program, such as Power Point, to create a slide show about earning, spending, and saving.



Step 5 – Reflect

Allow students to present their projects to the rest of the class. Use the following suggested rubric to assess the students' work. Make sure that the students are familiar with the rubric *before* they begin creating their project. They should refer to the rubric repeatedly to monitor their progress in creating their project.

🔗 Technology Link: You can also create your own rubric with your students at <http://rubistar.4teachers.org/index.php>.

Rubric—Earning, Spending & Saving Poster

CATEGORY	4	3	2	1
Use of Class Time	Used time well during each class period. Focused on getting the project done. Never distracted others.	Used time well during each class period. Usually focused on getting the project done and never distracted others.	Used some of the time well during each class period. There was some focus on getting the project done but occasionally distracted others.	Did not use class time to focus on the project OR often distracted others.
Title	Title can be read from 6 ft. away and is quite creative.	Title can be read from 6 ft. away and describes content well.	Title can be read from 4 ft. away and describes the content well.	The title is too small and/or does not describe the content of the poster well.
Required Elements	The poster includes all required elements as well as additional information.	All required elements are included on the poster.	All but 1 of the required elements are included on the poster.	Several required elements were missing.
Knowledge Gained	Student can accurately answer all questions related to facts on the poster and processes used to create the poster.	Student can accurately answer most questions related to facts on the poster and processes used to create the poster.	Student can accurately answer about 75% of questions related to facts on the poster and processes used to create the poster.	Student appears to have insufficient knowledge about the facts or processes used in making the poster.
Attractiveness	The poster is exceptionally attractive in terms of design, layout, and neatness.	The poster is attractive in terms of design, layout and neatness.	The poster is acceptably attractive though it may be a bit messy.	The poster is distractingly messy or very poorly designed. It is not attractive.
Mechanics	Capitalization and punctuation are correct throughout the poster.	There is 1 error in capitalization or punctuation.	There are 2 errors in capitalization or punctuation.	There are more than 2 errors in capitalization or punctuation.
Grammar	There are no grammatical mistakes on the poster.	There is 1 grammatical mistake on the poster.	There are 2 grammatical mistakes on the poster.	There are more than 2 grammatical mistakes on the poster.