



LESSON PLAN - 5th & 6th Grades

“Librarian on the Roof!” by M.G. King

Lesson Plan: The Power of a Budget!

Grade Level: 5th-6th grades

Content Area: Personal Finance

Recommended Length/Duration: 1 hour

Essential Understanding: A budget is a written plan for my money. A budget is a tool I can use to reach goals that require money. Key parts of a budget, or money plan, include: a goal, income, spending categories, and tracking spending and saving actions.

Learning Goals: Students will understand the basic parts of a budget. Students will understand how a budget can be used to organize spending and saving decisions. Students will practice basic mathematical computations of addition, subtraction and multiplication.

Standards: CCSS for Mathematics, 5.NBT 5 (Number & Operations in Base Ten); and VT DOE History & Social Studies, H&SS5-6:20. Jump\$Start Coalition for Personal Financial Literacy, National Standards in K-12 Personal Finance Education: http://jumpstart.org/assets/files/standard_book-ALL.pdf.

Description/Sequence:

The Power of a Budget!

(1) Today, we are going to learn about a valuable tool that gives us direction for our money choices. This tool can help us visualize how to take a small or non-existent amount of money and grow it to reach a large goal. This tool helps us gain control of our money so we don't lose track of this valuable resource. Any guesses as to what I'm talking about? **Take responses.** This great tool I'm talking about is called a budget or a money plan. A budget is simply a written plan for your money. I want to show you a quick video of some people who could really use a budget!

Go to www.spendster.org. There is a selection of short video clips of testimonials from people on how they wasted money. The site is run by the National Endowment for Financial Education. You can also access spendster videos through YouTube.

(2) I'm going to read to you a true story about a librarian in Texas who took on an unusual fundraising project. As I read the story, you'll see that she must have had in place a good budget to guide her in knowing exactly how much money she needed to raise. She was so sure of how much money she needed that she lived on the roof of the library until the money was raised!

Read the story.



Discussion questions:

- How did RoseAleta know how much money she needed to raise? (Point out on page 13 that she had a plan in place and knew she needed \$20,000.)
- She climbed on the roof on Monday and on Wednesday she learned that they had raised \$10,000. Why didn't she get down? (Because she knew that \$10,000 wasn't enough to reach her money goal.)
- What was the final amount she raised? (\$39,000)

If time allows, you can show the YouTube footage of actual news stories reporting on the the fundraising campaign. The video is called, up on the roof2.mpg.

http://www.youtube.com/watch?v=o7rh9fVM_f0

(3) We are going to recreate RoseAleta's money plan or budget. I am going to pair you up with a partner. Each team will get a list of items needed for the expansion and the cost of each item. It will be up to each team to decide how they budget \$20,000 to buy everything that is needed. Before I pass out the budget worksheet and the supply list, I'd like to go over how the budget sheet works.

Use the PowerPoint presentation for this lesson. You can use the drawing tool within PowerPoint to "write" on the budget sheet. See page 37 for instructions on how to use the drawing tool.

SLIDE 2: RoseAleta's Budget

There are several key parts to a budget or money plan:

SLIDE 3 - TIME FRAME: Your parents probably use a monthly budget. That means their money plan covers the four weeks of each month. A time frame is important to help you plan when you have money coming in (paycheck) and when you will spend money for bills like rent, food, your phone and gas for your car. For RoseAleta's budget--we're going to pretend she had three months to raise the money in order to complete the expansion of the children's area. ***Click mouse to bring up the answer.***

SLIDE 4 - SET A GOAL: RoseAleta would have made a budget with a single goal--to raise enough money to complete the new children's area. Her goal was \$20,000. If you were writing a budget for yourself, what kind of goal would you make? ***Brief discussion. Guide discussion to make students aware that they can write a budget for smaller goals (like a new bike) and that a money plan is a tool that can help them reach that goal. Click mouse to bring up answer on RoseAleta's goal.***

SLIDE 5 - INCOME: That means how much money you have now. It also can track money you know will be coming in, such as a future paycheck. Let's pretend you are going to buy a new bike. You know the new bike you want costs \$75. You count the money you have and find out you only have \$25. How much more money do you need? (\$50) On your budget sheet, you would write down \$50 as income. Under that you might write how and when you will raise the rest of the money. RoseAleta was starting at zero for her income for this project. ***Click mouse to bring up answer.*** In her money plan she writes down how she hopes to raise more money. ***Click mouse to bring up answer.*** Remember, her plan included writing letters -- which didn't work well. And her plan included the big fundraising event of camping on the roof of the library!



SLIDE 6: For our exercise, your worksheet will already have the time frame, goal and income portions filled out. Now it is up to you and your partner to figure out what RoseAleta was going to need to buy for the expansion of the children’s area. Let’s get into teams. **While students are pairing up, distribute a supply list, a budget sheet, and a blank piece of paper for students to do calculations.**

SLIDE 7 - SPENDING CHOICES: This next area of our budget is called Spending Choices. We know that they were still building the expansion at the library. If you look at your supply list, how much does it say RoseAleta needs to budget to complete building renovations? **Take answers - \$5,000.** I want everyone to fill out the first line of the spending choices section like this. **Click to bring up answer.**

ITEM	COST PER UNIT	QUANTITY	TOTAL
Building cost	\$5,000	1	\$5,000

SLIDE 8: Use your blank piece of paper to calculate how much money RoseAleta has left of her \$20,000 after she spends \$5,000 on building costs. **If needed, demonstrate calculation.**

$$\begin{array}{r} \$20,000 \\ - 5,000 \\ \hline \$15,000 \end{array}$$

SLIDE 9: Now, you and your partner should go through the supply list and determine what you are going to spend the remaining \$15,000 on. You must select at least one item from each of the choices you have. For example, you might choose to buy one kids’ sofa at \$279, but buy 100 books for \$1,500.

$$15 \times 100 = 1500$$

As you discuss this, click to bring up the demonstrated amounts. Show how the cost for each book is \$15 and that you multiply the unit cost times how many your are purchasing.

$$\begin{array}{r} \$15,000 \\ - 1500 \\ \hline 13,500 \end{array}$$

SLIDE 10: Spend all of the money. Buy at least one of each item. The final GRAND TOTAL of your spending choices must equal \$20,000. Please show your work on the blank piece of paper I gave you. Write your and your partner’s names on both the calculation sheet and your budget sheet.

Let students work on their team budgets. Depending on how quickly they work, this could take 20 minutes.

(4) Discussion.

- Besides the building cost, on what item did each group spend the most money on? **Discuss.** (Point out the relationship between buying books and having something to put them on. If you buy new books you will need shelves to put them on.)
- What did you spend the least amount on? **Discuss.**

SLIDE 11: A look at RoseAleta’s budget

- If RoseAleta had stopped her fundraising efforts when they raised \$10,000 - what would you have cut from the budget? **Discuss. Point out how important having a budget in place becomes when we have to make spending choices.**



SLIDE 12: RoseAleta's budget with cuts

Challenge students to imagine they had a family budget that covered their rent, food, and electricity and then suddenly learned their paycheck had been cut! A budget can help determine what the family could spend less on until the next paycheck arrives.

Collect the budget and calculation sheets from students.

SLIDE 13: A budget is a written plan for how we want to use our money. It is something we can all use at any time in our lives -- whether for a one-time money goal of buying a bike or managing a monthly family budget. It is an important tool for giving us control of our money and staying on track!

Materials Needed:

1. **Librarian on the Roof!** by M.G. King
2. Lesson PowerPoint. You may download the presentation by going to the Reading is an Investment program web page. Go to MoneyEd.Vermont.gov. Once on the program page, scroll down to the 5th-6th grade lesson.
3. Copies of activity worksheet for each student

Additional Resources:

The Federal Trade Commission has a short video on budgeting on YouTube. (1:13) This animated feature does a good job of quickly showing how a budget helps someone pay all of their bills.

https://www.youtube.com/watch?v=9_Niql3RA0A

PBS Kids GO! has posted online a crossword puzzle for older kids and teenagers that covers basic money management concepts.

http://pbskids.org/itsmylife/money/managing/print_crossword.html

Earlier in this Reading is an Investment curriculum guide is a "My Money Plan" budgeting sheet for individual students based on the **Librarian on the Roof!** Go to page 28.