

LESSON 4: ALL ABOUT BUDGETS

Lesson aim:

- ✎ To introduce students to budgets, what they are and how they work.
- ✎ To explore the contents of a budget and what is involved in balancing one.
- ✎ To examine in brief what makes up the national budget.

Learning objectives:

At the end of this lesson students will be able to:

- ✎ explain what a budget is and what might be contained in a typical household budget;
- ✎ draft and balance a sample budget;
- ✎ understand the difficulties households might face balancing their budgets and why; and
- ✎ understand the basics of the national budget.

Lesson outline:

In-class discussion: Budgets

Ask students the following questions to promote discussion and a greater understanding of the topic:

- ✎ What is a budget?
- ✎ What might be contained in a budget?
- ✎ When drawing up a budget, what do you need to know?
- ✎ What types of budgets are there?
- ✎ Read through the sections on Budgets and Debt and ensure students understand them.

Student action project: The household budget

Students can work either on a group or individual basis, whichever is most preferable to student needs. This project focuses on household budgets and, using real data, will teach students about budgets in a realistic way.

- ✎ Distribute a H.E.A.P. category card (provided with this resource) to each working group or individual.

- ✎ They will be expected to draw up two budgets, one based on the minimum salary and the other based on the maximum salary found for each household type they have received. (The minimum and maximum salaries for each category can be found on the H.E.A.P. Chart.)

(NOTE: Some students may require assistance with this exercise. Students may also have to make assumptions at the outset, for example, how many children might be in the household, whether they are of school going or college age, whether they run a car and the type it is, and any other factors which will have an impact on a budget.)

In-class activity: Project preparation

- ✎ Discuss the elements that might be contained in a household budget. Ask students to identify things needed to keep a household running and write their contributions onto a chart. Discard any items that are repeated or may not be relevant, giving students time at the end of the exercise to take down all the items.
- ✎ Provide students with Worksheet 1, ask them to enter any additional expenditure or income items that arose during the discussions and complete each section to include average costs for items.
- ✎ Provide students with Worksheet 2 in order that they can complete their budget based on the range of income for their assigned household.
- ✎ On completion the budget should be presented to the class with a graphical breakdown (pie-chart) of each budget.

(NOTE: This exercise can be made simple or complex according to student capabilities. For instance, teachers may wish to provide a list of prices to students rather than ask them to find them for themselves.)

Student activity: Project analysis

On completion of the exercise ask students to analyse their budgets ensuring that they answer, at the least, the following questions:

- ✎ Was there any income left over after all expenses had been paid? If so, how much was left over? What might this be used for?

LESSON 4: ALL ABOUT BUDGETS (CONTINUED)

- If not, did it appear that this household was short of money to pay all their bills? Where might they obtain the difference? What do you think they could do without? What do you think they should not do without?
- What savings do you envisage this household to have?
- What sort of lifestyle do you think this household might have (such as education, healthcare, food/diet, clothes, leisure, holidays)?
- If additional income is required, where do you think it might be obtained? How easy, do you think, it might be to get additional income?
- What might be the effect of this household's budget on a) education; b) employment opportunities; or c) career prospects?
- What is your initial reaction to this activity? Did you find it difficult to complete? Explain.

Student activity: Project analysis

Compare the budgets of both households studied. Which budget was easier to balance? Why? What was the thing that most surprised you about the comparison? What did the household with the higher salary have that the other household didn't? Is this important? What is the most significant thing you found about this exercise?

Group activity: Project analyses and comparisons

Time should be provided to allow students to present their findings to the class and discuss the main differences between the households. The presentation should also include both budgets shown in pie-chart format.

Each student (or group) should create a poster of their project to include the background to their household and a visual representation of the budget. This would allow all students to view and examine the work of the other students (or groups) and easily compare budgets between different groups and different types of households.

Class review: Budgets

Ask students to consider what effect the household budget has on education and occupational choices. What other areas of life are affected by a household's budget? How do you think households might be able to improve their income in the a) short term; b) medium term; and c) long term? What assistance might they require?

(NOTE: Look for suggestions such as a) credit/loans; b) promotion/better job; and c) improved education/skills training/vocational/professional qualification. Where students suggest credit as a way to improve income, this will link directly with Lesson 4, which follows.)

In-class activity: National Budget (Optional)

(NOTE: This exercise should only be attempted after students have completed their budget project and reviewed the learning outcomes.)

Provide students with or ask them to download a copy of the most recent Irish National Budget figures, which can be found at www.budget.gov.ie 'Estimates of Receipts and Expenditure for the year end 31st December (for the relevant year)'

After examining the budget, provide students with the following questions to be answered:

- Does the budget balance? Is there a deficit or surplus?
- If there is a deficit, what strategies might the government have to use to make it balance (savings, growth, borrowing)?
- If there is a surplus, what might the government do with the additional monies?
- What effect do you think a 1) surplus or 2) deficit has on society?
- In a deficit situation what are the most important things that should be a) retained and b) removed?
- In a surplus situation what are the most important things that a government might now be able to address?
- Do you think it is unusual for national budgets to balance or not? Explain your answer.