

Todd and His REAL Job

LESSON AUTHOR

Andrew T. Hill, Ph.D.
Federal Reserve Bank of Philadelphia

LESSON DESCRIPTION

In this lesson, students are introduced to budgeting. They see how quickly their income can disappear without proper planning and thought. The students participate and discuss what happens in a reader's theater. They are introduced to a spending tracker.

ESSENTIAL QUESTION

How can budgeting contribute to your financial success?

CONCEPTS

Budgeting
Spending

OBJECTIVES

Students will be able to:

- Explain that one's income has limits and that choices must be made within those limits.
- Explain that a budget can help an individual live within his or her means.

CONTENT STANDARDS

VOLUNTARY NATIONAL CONTENT
STANDARDS IN ECONOMICS

- Standard 1: Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

NATIONAL STANDARDS FOR
FINANCIAL LITERACY

- Standard II: People cannot buy or make all the goods and services they want; as a result, people choose to buy some goods and services and not buy others. People can improve their economic well-being by making informed spending decisions, which entails collecting information, planning, and budgeting.

TIME REQUIRED

30–45 minutes plus an additional week for spending tracking activity and assessment

MATERIALS

- Activity 1: Todd and His REAL Job, one copy for each student
- Activity 2: Oligopoly Money, three copies, cut into separate bills
- Activity 3: Spending Tracker Analysis Worksheet, one copy for each student
- Five cafeteria trays

PROCEDURES

1. Discuss the following:
 - a. What is a budget? (*Answers will vary, but the students should mention that it is a spending and saving plan that depends greatly on their income.*)
 - b. Do you have a budget? (*Answers will vary, but some students may have a budget or may be able to share a budget that their family uses.*) Why or why not? (*Answers will vary.*)
 - c. Why do people have budgets? (*Answers will vary, but students should mention that a budget helps people plan for the future, achieve their goals, and make sound financial decisions.*)
2. Distribute one copy of *Activity 1: Todd and His REAL Job* to each student. Ask six volunteers to come to the front of the room to play the parts in the reader's theater.
3. Assemble desks and chairs in the front of the room to represent a cafeteria table. Once seated, all of the characters, except the narrator, should be able to sit at the table and face the rest of the class. Give every member of the cast, except the narrator, a cafeteria tray. Give the student playing Sperry the play money cut from *Activity 2: Oligopoly Money*. Instruct the students playing Ari-

ana, Brandon, and Sperry to take their seats at the table. Ensure that a seat is left empty next to Sperry where Todd can eventually sit. Instruct the student playing the narrator to stand just outside the scene. Position Todd and Kalela to one side of the scene and explain to them that, as the scene starts, they should act as though they are making their way through the cafeteria line.

4. Instruct the volunteers to act out the reader's theater, while the other students follow along.
5. Discuss the following:
 - a. Why are Todd's parents likely concerned enough about his grades to ground him this weekend? (*Answers will vary, but the students should mention that the greater a person's skill and education level, the greater the chance that person's income and earning potential will be higher. Todd doesn't care about his grades because he doesn't think he is going to college. Todd's parents are afraid that his poor grades will have an adverse effect on his future.*)
 - b. What does Sperry know that Todd does not? (*Answers will vary, but the students should mention that Sperry has a better understanding of how much goods and services cost and what a high school graduate actually earns.*)
 - c. How much monthly income does Todd start out with in Sperry's scenario? (\$2,400)
 - d. What spending categories does Sperry identify that Todd would likely spend his income on? And how much money would Todd likely spend on each? (*taxes – \$600; housing – at least \$900; Internet, cable, and cellphone – \$100; transportation – \$150; clothes, shoes, and haircuts – \$100; entertainment – \$150; vacation fund – \$200; and food – \$200*)
 - e. How much money was left over at the end of the scenario? (\$0)
 - f. How realistic do you think the scenario was? (*Answers will vary.*)
 - g. Do any of you buy fast food for dinner? If so, how much does that meal usually cost? (*Answers will vary, but some students may share that they purchase fast food and that, on average, they spend about \$7 on dinner.*)
 - h. If you were to eat that meal every day for dinner, how much would you have spent on dinner alone for a month? ($\$7 \times 30 = \210)
 - i. How many of you would and/or could live on that diet every day? (*Not many. It isn't very healthy.*)
 - j. Do you think Todd can live the lifestyle he wants on a budget of \$2,400 a month? (*Answers will vary.*)
 - k. Would creating, developing, and using a budget help a person manage his or her income? (*Answers will vary, but students should mention that a budget helps a person prioritize his or her spending, focus on spending and saving goals, and make sound decisions with the income that he or she has.*)
 - l. Do you think that budgeting is difficult? (*Answers will vary, but the students might mention that budgeting can be difficult because you have to know exactly what you spend your money on and how much your future spending might be.*)
6. Explain to the students that one of the best ways to start a budget is to track how much one spends in a given period. This tracking activity gives students data on how much things cost, the amount that they are actually spending, and expenses that can be eliminated. Explain to the students that they are going to track their own expenses over a one-week period. Emphasize that they should keep track of all their own spending for the week to better understand what they spend their money on. They will then be able to make spending and saving decisions based on the data they collect.

7. Distribute one copy of *Activity 3: Spending Tracker Analysis Worksheet* to each student. Explain that they are to complete this handout over the course of the week.

CLOSURE

8. Review important content from the lesson by discussing the following:
 - a. What is the largest constraint on a person's spending? (*the person's income*)
 - b. What is the primary way that financially successful people ensure that they live within their means? (*Financially successful people often have a budget, and they stick to it.*)
 - c. Why does living within our means require us to make choices? (*Answers will vary, but the students will likely explain that in order to budget and live within our means, we have to choose to spend our incomes on some things but not on others. Scarcity dictates that we have to make choices.*)

ASSESSMENT

9. After the students have completed *Activity 3*, instruct them to write an essay addressing the statement below. They should include at least two specific examples of what they did with their money and explain why they made the choices they did.

After tracking my spending, I was surprised to learn _____ about my daily/weekly spending habits.

Activity 1: Todd and His REAL Job

CAST

- Ariana
- Brandon
- Kalela
- Narrator
- Sperry
- Todd

NARRATOR: Todd and Kalela are in the lunch line at Stormy Ridge High School.

KALELA: Todd, why do you look so down and out? What's up?

TODD: I got a "D-" on my Algebra II test, and now my parents aren't letting me go to the pep rally on Friday night OR the big game on Saturday! I'm completely bummed!

KALELA: Are you bummed about your grade on the test or are you bummed about being grounded?

TODD: Both, I guess. But it's the pep rally and the big game that's really got me down. This is the last chance to ever see Scamper and Newman play Stormy Ridge football! AND, this is our best chance in YEARS to beat Placid Isle for the regional championship.

KALELA: Wait a minute? You're more upset about missing some silly football game than your grades? Todd, this is junior year! This is the big leagues! High school only comes once, and it determines a lot.

NARRATOR: At that moment, Kalela and Todd join their usual lunch group at their favorite table in the Stormy Ridge High School cafeteria.

BRANDON: Hey! What's up, guys?

KALELA: Do I look like a guy to you? I'm a young lady! (*poses*)

ARIANA: Todd, you don't look too good. You OK?

TODD: Oh, I'll be fine, EVENTUALLY!

KALELA: Todd nearly failed his Algebra II test, his parents have grounded him, and he's going to miss the big game this weekend!

TODD: AND, the pep rally! And, THANKS, Kalela for sharing my BIG news!

KALELA: Sorry. I guess I'm just shocked at your priorities.

SPERRY: I've just GOT to ask ... Last marking period, you got a "C-" in Algebra II and a "D+" in

English. You didn't tell us the rest of the grades. Aren't you worried about getting into college with grades like that?

TODD: It's no-o-o-o problem! I'm not going to college. I'm going to get a REAL job like regular people.

ARIANA: A REAL job? So, let me get this straight. You think that some jobs are REAL and others aren't? Tell me, what is a REAL job?

TODD: You know ... Landscaping, construction, car mechanic. Something like that. My uncle is a plumber in the union. He told me last year at Christmas that he could get me in.

ARIANA: Oh, so being a veterinarian isn't a real job? And, I shouldn't be taking Bio II right now to prepare myself for a pre-vet program?

TODD: I don't mean it like that. I mean I'm going to get a job that doesn't require me to go to college. A job where I can work with my hands. So, since I don't need to worry about going to college, I don't have to worry about my grades.

SPERRY: Lots of what you call REAL jobs require training. These days, many car mechanics, for example, have been to trade school, and they've taken lots of training programs to be proficient in servicing cars. There's a lot of technology in a modern car. This isn't the days of your grandfather's Chevy. You aren't going to escape more school that way.

TODD: OK. So let's say I work landscaping for a few years. Scamper's dad has been in that business for years. He told me that he'd hire me in a heartbeat. I could work my way up to running the big mower.

KALELA: So, let's say you get a job working for Scamper's dad running the big mower. How much do you think you are going to be making doing that job?

TODD: Hmm ... \$600 per week!

(Sperry opens his backpack and takes out a wad of play money.)

ARIANA: Sperry, you are such a dork. Do you always carry around a bunch of play money with you?

SPERRY: Yep. You never know when someone will want to play a fast game of Oligopoly!

ARIANA: Oooh! Count me in next time. I love that game. I'm so good ...

SPERRY: Yeah, yeah. *(Sperry counts out \$2,400 from the stack of play money and hands it to Todd.)* I'm going to give you \$600 per week. Here's your monthly paycheck: \$2,400. Let's just see how far that goes.

TODD: What do you mean?

SPERRY: You'll see. I need \$600 back to cover your taxes. (*Sperry holds out his open hand to request payment from Todd.*)

TODD: Whoa!

SPERRY: Yeah! Just like Benjamin Franklin said, "There are only two things certain in life: death and taxes." Pay up! (*Sperry shakes his open hand at Todd for payment.*)

(*Todd counts out \$600 from the play money and gives it to Sperry.*)

TODD: OK. But I've got \$1,800 left, so I'm goo-o-o-od!

SPERRY: Not so fast! Do you want to live with your mom and dad once you start running the big mower?

TODD: No way!

SPERRY: A one-bedroom apartment in Stormy Ridge will run you at least \$900 per month. (*Sperry holds out his open handle to Todd to demand payment of \$900.*)

TODD: Oh jeez! (*Todd counts out \$900 and hands it to Sperry.*)

SPERRY: Figure \$100 per month for Internet, basic cable, and cellphone. (*Sperry holds out his open hand to Todd to demand payment of \$100.*)

TODD: Man, you are relentless! (*Todd counts out \$100 and hands it to Sperry.*)

KALELA: It's expensive to live today!

SPERRY: How much do you have left?

(*Todd counts the money in his hand.*)

TODD: \$800.

SPERRY: Do you expect to have a car?

TODD: Sure! What kind of question is that?

SPERRY: Give me \$150 per month for gas, tags, insurance, and wear and tear.

TODD: Wear and tear?

SPERRY: I've seen how you drive! You're going to have that truck of yours in the shop at least once a quarter if you don't stop those jackrabbit starts that I see you pull from every red light.

ARIANA: And how about the time we went to the state fair and you scraped the curb and ripped the stem out of the tire?

TODD: *(To Ariana)* You are NOT helping!

(Todd counts out \$150 and hands it to Sperry.)

SPERRY: And you are going to need \$50 per month for clothes, shoes, and a haircut.

TODD: Figure \$100. I want to look goo-o-o-d. *(Todd counts out \$100 and hands it to Sperry.)*

SPERRY: Now I need \$150 for entertainment. *(Sperry holds out his open hand to Todd.)*

TODD: ENTERTAINMENT! What do you mean?

SPERRY: You still plan to go to EVERY Glass Water Pistols concert with us, right? And, what about our movie nights?

BRANDON: And everyone knows that you aren't going to miss any of your favorite Stormy Ridge football games. After we graduate, we have to pay to get into those like all the other REGULAR people.

(Todd counts out \$150 and hands it to Sperry.)

SPERRY: Do you plan to go away on vacation?

TODD: Sure thing! Once a year, at least!

SPERRY: \$200. *(Sperry holds out his open hand to Todd.)*

TODD: Why so much?

SPERRY: We all know you don't plan to vacation on Lake Woe Is Me! *(Shakes his open hand at Todd.)*

(Todd counts out \$200 and hands it to Sperry.)

SPERRY: How much does that leave you?

(Todd counts the money in his hand.)

TODD: \$200. So, I'm goo-o-o-d.

BRANDON: Dude! You haven't eaten YET!

TODD: *(looks at the clock)* No-o-o-o problem. We have 20 minutes left in this period.

BRANDON: No, I mean you haven't bought any food in this little real life reality check you are playing at with Sperry!

(Sperry snatches the remaining \$200 from Todd.)

TODD: Hey!

SPERRY: Now, do you see how fast \$2,400 per month can just DISAPPEAR?

TODD: Yeah, I guess. There's nothing left over! *(stares at his empty hands)*

ARIANA: Mr. Fletcher told us in our Keys to Financial Success class last semester that more education often leads to higher incomes. Maybe you should rethink college, Todd.

SPERRY: And creating a budget and sticking to it is the best way to ensure that you can make ends meet with whatever your income winds up being.

KALELA: What about that "budget to save" thing that Fletcher always was going on about.

SPERRY: That means making sure that you include some saving in your budget so that you can build up some money for a rainy day or retirement or whatever.

TODD: There's nothing left to save after you got done with me. *(takes a huge bite from his sandwich)*

Activity 2: Oligopoly Money



