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Making Ends Meet

Subjects: Language Arts, Math, Economics
Required Software: Microsoft® Word, Microsoft® Excel
Optional Software: Microsoft® Internet Explorer, Microsoft® Works

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Teaching Guide

Summary
In this real-life simulation, students create a monthly budget, showing income earned from an imaginary job versus estimated monthly expenses. They then encounter unexpected monthly expenses and must adjust their budget to compensate for those expenses. Finally, they write a report evaluating the activity and what they learned about "making ends meet."

Objectives
To have students prepare a monthly budget using Microsoft Excel, to estimate a monthly food bill based on a weekly food menu, and to have students evaluate the activity in a thoughtful essay.

Prerequisite Skills
Knows how to create a Microsoft Excel worksheet including formatting cells, creating basic formulas, and saving and printing the worksheet, knows how to use Microsoft Word to create a document, including creating tables and can access the World Wide Web using Microsoft Internet Explorer.

Time Alloted
Approximately one week

How to Begin
Begin a discussion about the "cost of living" by asking students questions such as: "How much do eggs cost?" "What is the bus fare from your home to another part of town?" "What is the average rent for a one-bedroom apartment?"

Next, discuss the average beginning salaries for various jobs. Suggest that students research salaries by using Internet Explorer to visit the Job Market section of the The New York Times Online. You can also have students consult the Help Wanted database published by CareerPath.com for a list of jobs advertised in selected newspapers around the country.

Explain to students that in this activity they will prepare a monthly budget comparing income versus living expenses.

Recommended Web Sites:

- [The New York Times Online](#)

- CareerPath.com

Adaptability

Explain to younger students that they will be trying to save money from an allowance for a big purchase, such as a trip to Disney World, or a new computer. Assign each student a fictitious monthly allowance and have them create a Monthly Budget in Microsoft Excel. How much money do they have left at the end of the month? How long will it take to save for their special purchase?



Student Activity

Description

In this activity, you will create a monthly budget based on income earned from a fictitious job versus estimated living expenses (including rent, transportation, food, and leisure time activities). If your expenses exceed your income, you will need to determine where to cut back your monthly expenses in order to "make ends meet." You will also encounter unexpected monthly expenses which will force you to adjust your monthly budget. Finally, you will write a report using Microsoft Word, evaluating the activity.

STEP 1 Prepare a Budget Worksheet

SOFTWARE: Microsoft Excel

WHAT TO DO: Open a Microsoft Excel worksheet and create a monthly budget template, following Example 1.

	A	B	C
1	MONTHLY BUDGET		
2	ITEM	AMOUNT	COMMENTS
3			
4	Rent	\$250.00	
5	Utilities	\$50.00	Phone and Electric
6	Transportation	\$220.00	Car payment, insurance, gas
7	Food	\$200.00	
8	Medical Expenses	\$35.00	Insurance contribution
9	Clothing	\$75.00	
10	Leisure Activities	\$80.00	Movies, dining out, etc.
11	Miscellaneous	\$50.00	
12	TOTAL	960	
13			
14	INCOME	\$1,225.00	
15	EXPENSES	\$960.00	
16	SAVINGS	\$265.00	
17			

Example 1: Monthly budget worksheet created in Microsoft Excel

Be sure to include the following expense categories: rent, utilities,

transportation, food, medical expenses, clothing, leisure activities, and miscellaneous.

In Cell B11, type the formula: =sum(B3:B10) or use Microsoft Excel's AutoSum function to add up the cost of these expenses.

In Cell B13, type in your monthly net income (your gross income minus taxes and other deductions). Job salaries typically refer to income before taxes. To determine how much money you will actually have to spend after taxes, if you make \$15,000 per year, estimate Federal taxes at 8.5%. If you make \$20,000, estimate taxes at 10%. [Federal tax forms](#) may be downloaded from the Web using Internet Explorer.

Now, in Cell B14, type: =B11.

And in Cell B15, insert a formula to calculate the difference between Income and Expenses, such as: =(B13-B14).

STEP 2 Estimate Expenses

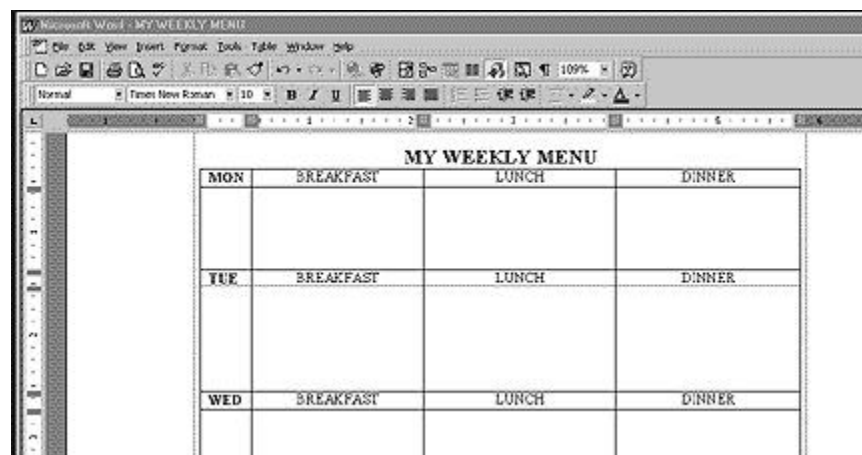
SOFTWARE: Microsoft Excel

WHAT TO DO: Consult your local newspaper or real estate magazines to get an idea of how much it costs to rent a house or an apartment in an area you would like to live. Type in the monthly rent and the estimated cost of utilities (gas and electric) in your worksheet. Next, assume the cost of transportation (car payment, insurance, gas) to be \$220.00. For the other items in your budget (other than food), estimate your monthly expense and type in that amount in the appropriate cell.

STEP 3 Create a Food Budget

SOFTWARE: Microsoft Word; Microsoft Excel

WHAT TO DO: To determine your monthly food budget, open a Word document and choose Insert Table from the Table menu. Design a Weekly Menu table similar to the one in Example 2.



MY WEEKLY MENU			
MON	BREAKFAST	LUNCH	DINNER
TUE	BREAKFAST	LUNCH	DINNER
WED	BREAKFAST	LUNCH	DINNER

Example 2: Menu Table created in Microsoft Word

Use this table to write down what you plan to eat and drink at each meal for one week. Be sure to include snacks.

Now, figure out what you must buy at the grocery store to produce this menu. In a Microsoft Word document, list the items needed according to categories, such as fruit, meat, dairy, and the quantity of each item. Print out a copy of your food list. Then, visit a local supermarket and list the prices of the items on your list according to quantity. (For example, for two cans of soup at \$1.15 each, list \$2.30.)

Add the total cost of your weekly food budget. Multiply by four and one half weeks to get an estimate of your monthly food budget. Type this number into the food category of your monthly budget.

TIP! To create a wider layout for your Weekly Menu, click on the File Menu and then Page Setup and Paper Size. Then in the Orientation Box, click on Landscape.

TIP! Number table pages by choosing Header and Footer from the View menu. Click the Switch Between Header and Footer button on the Header/Footer toolbar to jump to the Footer section, enter Page, then click the Insert Page # button.

TIP! Remember to choose Spelling and Grammar from the Tools menu to spell check the menu before printing.

STEP 4 *Evaluate Your Budget*

SOFTWARE: Microsoft Excel

WHAT TO DO: Once you have typed in all of your monthly expenses, your worksheet will show you whether or not you are "making ends meet." Do your expenses exceed your income? If so, you must decide where to cut back so that your expenses do not exceed your income.

Now select one of the unexpected financial problems listed below. Using Word, explain how you would adjust your budget to account for this unexpected expense. Explain your rationale. Then adjust your budget in your Microsoft Excel worksheet to account for this additional monthly expense.

- You forget to pay our phone bill and your phone service is shut off. To turn it back on, the phone company wants \$50.
- The lease on your apartment is up for renewal and the landlord wants a 5% increase. How much will your increase be? How will you adjust your budget to account for this increase?
- Your dog gets sick and the medicine costs \$150.

Now use Word to write a report explaining what you've learned from this activity. Include information copied from your Excel worksheet as illustration whenever possible. Include ways in which you might be able to stretch your budget (for example, take in a roommate to share the rent).

