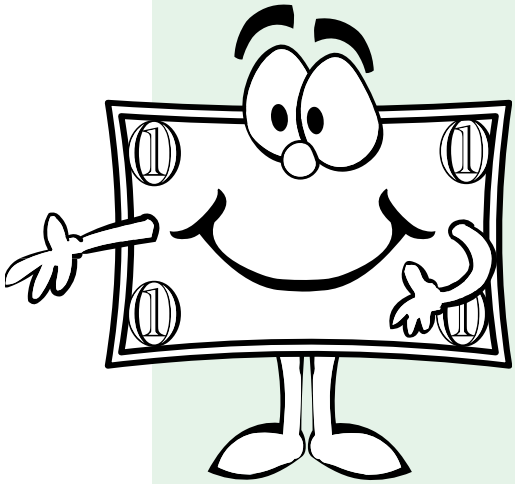
Grade Two

Savings and Budget



Overview

Students share the book *The Case of the Shrunken Allowance,* by Joanne Rocklin, to learn about labor, earned income, saving, creating budgets, and equivalent amounts of money. They complete worksheets on labor and budgets.

Prerequisite Skills

Students should be able to recognize all coins and paper currency and know how to add and subtract money.

Lesson Objectives

Students will be able to:

- Define the terms *allowance, income,* and *earnings*
- Define labor as work done in exchange for money
- Describe ways to save and budget money
- Use money computations to complete a simple budget

Materials List

1. Book: *The Case of the Shrunken Allowance,* by Joanne Rocklin (Scholastic, Inc., 1998)
2. Chart paper (optional) and chalkboard
3. Post-It® or other type of self-adhering notepaper, 3-inch squares (enough for every student to have one)
4. Play money: pennies, nickels, dimes, quarters, and one-dollar bills
5. Handouts:
   - **Is It Labor?** worksheet
   - **My Budget** worksheet

Content Standards

The activities in this lesson correlate to national standards in economics, math, and language arts. See the end of this lesson for content standards information.

Vocabulary

allowance

budget

earnings

income

labor

money

savings

Large-Group Activity

Materials

- Book: *The Case of the Shrunken Allowance*
- Chalkboard, visible to all students
- Post-It® or other type of self-adhering notepaper, 3-inch squares (enough for every student to have one)
- Handout: **Is It Labor?** worksheet

1. For this lesson you will need to stand near the chalkboard in front of the class to share the book *The Case of the Shrunken Allowance.*

   ❍ Say:

   Who can tell me what an allowance is?

   An allowance is a set amount of money parents give their children, usually every week.

   Today we're going to be talking about allowances: why kids get them and what they do with the money. First I'm going to read this book aloud. It's called *The Case of the Shrunken Allowance,* written by Joanne Rocklin and illustrated by Cornelius Van Wright and Ying-Hwa Hu.

   This book is from the Hello Reader! Math series. All of the books in the series are about people using math in real life. In this story four kids use math to solve a mystery about disappearing money. Let's see what happens.

   ❍ Read the book aloud to the class. Be sure to allow the entire class time to see each picture. Stop at the end of the story, leaving the activities for later.

2. Briefly discuss the book with the class.

   ❍ **What does the title of the book, *The Case of the Shrunken Allowance,* mean?**

   The money in PB's jar appears to be shrinking because it doesn't reach the same mark on the label that it reached the day before.

   ❍ **Did the money really shrink?**

   No, the jar holding the money broke, so the money was put in a larger jar. It came up to a different level on the label because there was more room in the bottom of the jar.

   ❍ **Instead of looking at the level of the money, what would have been a better way to tell if PB's allowance was disappearing?**

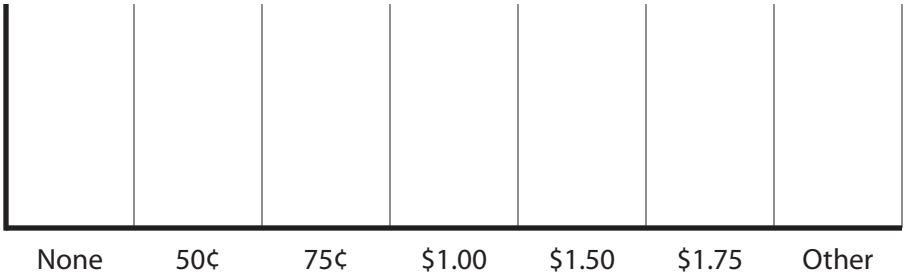
   PB should have counted his money.

3. Discuss today's economic concepts: allowance, the role of money, labor, and earnings.

   ❍ ***Allowance***

   Before beginning this activity, draw a simple graph design like this on the board:

The math concept of conservation of volume demonstrated by the "shrinking allowance" is not part of the economics lesson taught here.



❍ Say:

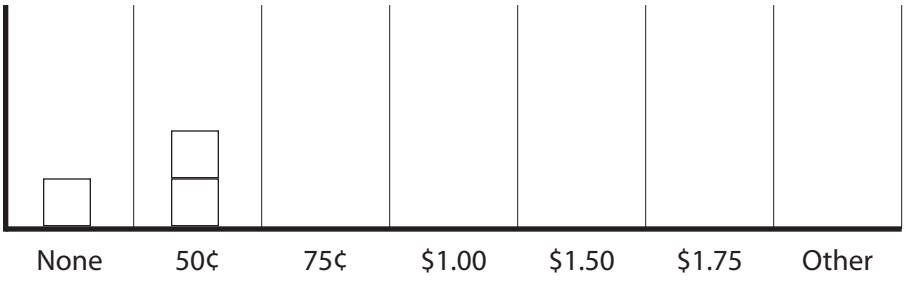
How many of you get an allowance? Have students raise their hands.

We're going to make a graph that describes the number and amounts of allowance students in this class receive. First, I'm going to give each of you one of these sticky notes. Have students help you pass out one self-adhesive note to each student.

Now I'm going to call you up to the chalkboard by rows. When you come up, you're going to stick your note in one of these columns, showing that you either don't get an allowance . . . Point to the "None" column.

. . . or you get one of these amounts: fifty cents, seventy-five cents, one dollar, a dollar seventy-five, or some other amount. Point to each category as you name it. NOTE: You may find that different allowance amounts work better with this activity in your area.

If there is already a sticky note in the column you need, place your note right above the one that's already there. Demonstrate by placing two sticky notes in a column, like this:

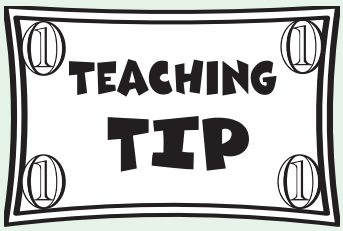


Call students up by rows. Be ready to help them select the correct column, and straighten up the sticky notes if they are spaced incorrectly or if they overlap.

Let's look at our results. By looking at this chart, you should be able to tell me which allowance amount is given the most in this class. Answers will vary.

Continue to discuss the results from the graph on:

- The allowance amount given least.
- The amount of students who get no allowance.
- Of the students who selected "other," what is the range of allowance these students receive?
- What is the highest allowance received in this second-grade class?



You might want to include some math questions, like "How many more students receive $___ than $___?"

- *The Role of Money, Labor, and Earnings*

  In the story we learned that PB received 50 cents each week for his allowance. But he also received extra money. What did he get this extra amount for? PB was paid for doing extra chores.

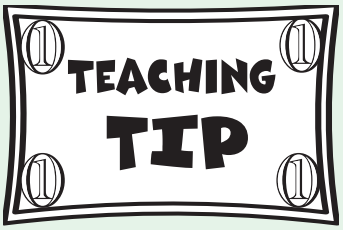
  Give me an example of a chore PB might have done. Allow students to speculate on possible chores. They might suggest taking out the trash, raking leaves, caring for a pet, and so on.

  There is a special word we use to describe making money by doing work. We say you earn it. Sometimes we say the money you make is your income. Write the words "earn" and "income" on the board.

  There are different ways to earn money, but let's just talk about the way PB earned his extra cash. When you work to earn money by doing some kind of job, the work is called labor. Write the word "labor" on the board.

  Your parents probably earn their money by doing some kind of labor. Who can tell me what their parents do to earn money–what are their jobs?

  Allow students to share their parents' work. Some students at this age don't know what their parents do at work–don't worry if you don't get many responses.



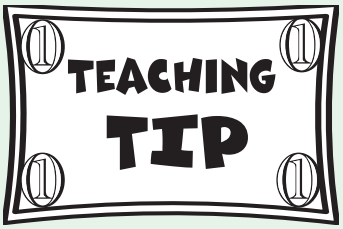
Point out the irregular spelling of the word "earn" to help them recognize the word later.

4. Introduce the **Is It Labor?** worksheet.

   Pass out the worksheets. Tell students that the pictures on the worksheet show people doing things. They must decide whether or not each person is doing labor, and circle "yes" or "no" to answer the question "**Is It Labor?**"

   When they're finished, have them turn the paper over and write four sentences about the type of labor they want to do when they grow up.

   Allow students to work on this worksheet while you work with individual groups in the following small-group activities.



In this example, we use the word labor to discuss all work, mental and physical—not manual labor alone.

Small-Group Activity One: Savings and Budgets

Concepts Taught

Ways of Saving and Spending Money

Materials

- Chart paper (optional) or chalkboard
- Play money: pennies, nickels, dimes, quarters, and one-dollar bills
- **My Budget** worksheet

1. Discuss ways to save money.

   - Say:

     How did PB save his allowance? He kept it in a peanut butter jar.

     What other things do kids use to hold or save their money? Students may suggest piggy banks or other containers.

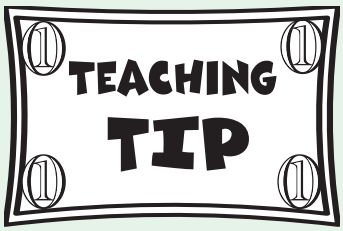
Do you think this is a safe way to save money? What happened to PB's money when he wasn't around? The cat knocked over the jar, and his sister used his money to make change.

It turns out that PB's sister didn't steal his money, but was it safe if somebody did want to steal it? No, anyone who could come into PB's room could have taken his money.

PB's money was important to him. Can you think of safer ways that PB could have saved his money? Allow students to brainstorm ideas, and write each of them on chart paper. They might suggest PB could lock his money away, hide his peanut butter jar, or ask his parents to keep the money safe.

Adults usually have a lot more money to save than PB's $10.05. They need to be very sure it's safe. Where can they save their money? Many adults and children save money in banks. Add "bank" to the list of brainstormed ideas, or circle the word if students suggested it in the previous discussions.

Why do you think banks are so safe? Encourage open discussion. Students may suggest that there are very strong locks at the bank, or that there are guards watching the money.



Accept any idea, no matter how far-fetched. Students should feel free to think creatively.

2. Discuss budgets.

   ❍ **Now that we know our money is safe, we should think about how to spend it. What are some things you spend your allowance or other money on?** Accept any answers.

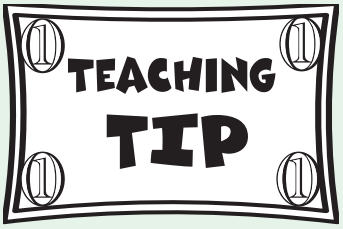
   People who are careful about the way they spend their money usually make a spending plan. This plan is called a budget.

   Write "Budget" on a clean sheet of chart paper or a separate area on the chalkboard. Below the word draw a simple chart like this:

Budget

Week	Make	Save	Spend	Total Saved
1				
2				
3				
4				

This budget has four main parts. The first part helps you keep track of how much money you make each week, both the money you've earned and the money you get as presents. If you get 50 cents each week for an allowance, you would write it here. Write 50¢ in the "Make" column next to Week One.



Use play money to demonstrate subtracting the money in these examples.

The next part is important. You need to keep track of how much money you want to save. If you don't *plan* to save some money, before you know it, all of your money has been spent! Let's make a plan together–how much of the 50 cents do you think we should save each week? Allow students to discuss this. When they've agreed on an amount, write it in the "Save" column of Week One.

The third part lets you know how much you can spend. You can spend all the money left over after you've set aside your savings. How much money can we spend this week? Help students subtract the savings from the amount earned and write the difference in the "Spend" column of Week One.

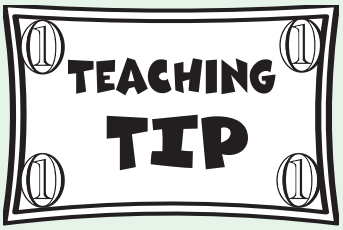
The last column in our chart is very important. This is where we keep track of *all* our savings. Since this is the first week, our "Total Saved" amount is exactly the same as our "Save" amount. Write the amount in the "Total Saved" column of Week One.

What if we do exactly the same thing in Week Two that we did in Week One? Fill in the "Make," "Save," and "Spend" columns with the same numbers as Week One. Repeat what each number means as you write it. Then point to the "Total Saved" square.

Do I put the same amount in "Total Saved" as I did the first week? How much should go here? Help students understand that they add the savings from the first week to the savings from the second to get the "Total Saved."

Work through two more weeks with the students, this time changing the amount saved and the amount spent. Have volunteers figure the "Total Saved" for each week.

How much money have we saved in one month?



If necessary, remind students that four weeks usually equal one month.

3. Prepare students to complete the **My Budget** worksheet.

   ❍ Pass out the worksheets and read the directions with the students. Work through the first week for them (the only thing required on this line is to write the "Total Saved" on the piggy bank).

   In Week Two, you know that you made one dollar and you saved . . . . Allow a student to respond "fifty cents." **How much does that leave you to spend?** Use play money if necessary to get the correct answer, 50 cents. Have students write this amount in the "Spend" blank.

   Continue working through the activities with students until you think they can complete the rest on their own.

Additional Small-Group Activities: Equivalent Sums of Money

The last four pages in the book provide additional activities, suggested by mathematics education specialist Marilyn Burns, which can be used in the classroom. Use two of them, "Ways to Make 50¢" and "A Hard Problem," to instruct small groups about equivalent sums of money.

Assessment

Check students' understanding by listening carefully to the responses they give during group discussions and on the **Is It Labor?** and **My Budget** worksheets. Have students share the sentences about their future jobs from the large-group activity.

Suggested Online Activity

NOTE: Teachers should preview all sites to ensure they are age-appropriate for their students. At the time of publication, all URLs listed here were valid. In addition, some Web sites provide lessons via pop-up screens, so you may have to disable your computer's pop-up blocker software to access them.

Kids Bank

This site, hosted by Sovereign Bank, provides children with easy-to-understand stories about the kinds of things you can do at a bank. Follow this link to read the story of Dollar Bill, who tells you just what happens when you save your money in a bank. Found at: www.kidsbank.com/the_story/dollar_bill.

National Standards Correlations

Economics

The activities in this lesson correlate to the following Voluntary National Content Standards in Economics, as determined by the National Council on Economics Education, found at: www.ncee.net/ea/standards.

Standard 1: Scarcity

Students will understand that: 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.

K–4 Grade Benchmarks:

- People make choices because they can't have everything they want.
- Whenever a choice is made, something is given up.

Standard 10: Role of Economic Institutions

Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, [and] clearly defined and enforced property rights, [are] essential to a market economy.

K–4 Benchmarks

- Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
- Saving is the part of income not spent on taxes or consumption.

Standard 11: The Role of Money

Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

K–4 Benchmarks

- Money is anything widely accepted as final payment for goods and services.

Standard 13: Role of Resources in Determining Income

Income for most people is determined by the market value of the productive resources they sell. What workers earn depends, primarily, on the market value of what they produce and how productive they are.

K–4 Benchmarks

- Labor is a human resource that is used to produce goods and services.
- People can earn income by exchanging their human resources (physical or mental work) for wages or salaries.

Mathematics

In addition to economics, the activities in this lesson also correlate to the following *Principles and Standards for School Mathematics,* from the National Council of Teachers of Mathematics, found at: standards.nctm.org/document/index.htm.

Numbers and Operations Standards

Understand numbers, ways of representing numbers, relationships among numbers, and number systems.

PreK–2 Benchmarks:

- Count with understanding and recognize "how many" in sets of objects.
- Develop a sense of whole numbers and represent and use them in flexible ways, including relating, composing, and decomposing numbers.
- Connect number words and numerals to the quantities they represent, using various physical models and representations.

Algebra Standards

Represent and analyze mathematical situations and structures using algebraic symbols.

PreK–2 Benchmarks:

- Illustrate general principles and properties of operations, such as commutativity, using specific numbers.
- Use concrete, pictorial, and verbal representations to develop an understanding of invented and conventional symbolic notations.
- Use mathematical models to represent and understand quantitative relationships.

Language Arts

This lesson, based on the children's book *The Case of the Shrunken Allowance,* by Joanne Rocklin, also correlates to the following *Standards for the English Language Arts,* from the National Council of Teachers of English, found at: www.ncte.org/print.asp?id=110846&node=204.

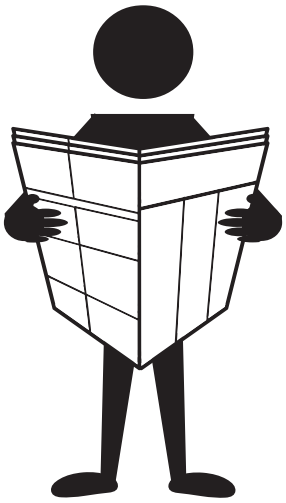
1. Students read a wide range of print and non-print texts to build an understanding of texts, of themselves, and of the cultures of the United States and the

world; to acquire new information; to respond to the needs and demands of society and the workplace; and for personal fulfillment. Among these texts are fiction and nonfiction, classic and contemporary works.

3. Students apply a wide range of strategies to comprehend, interpret, evaluate, and appreciate texts. They draw on their prior experience, their interactions with other readers and writers, their knowledge of word meaning and of other texts, their word identification strategies, and their understanding of textual features (e.g., sound-letter correspondence, sentence structure, context, graphics).

Is It Labor?

Yes No

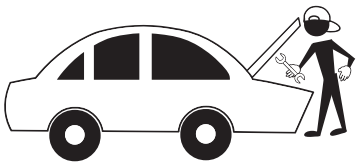


Yes No

Yes No

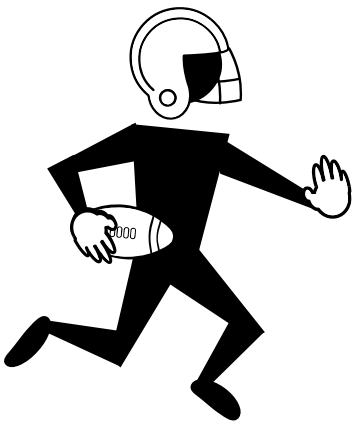
Yes No

Yes No

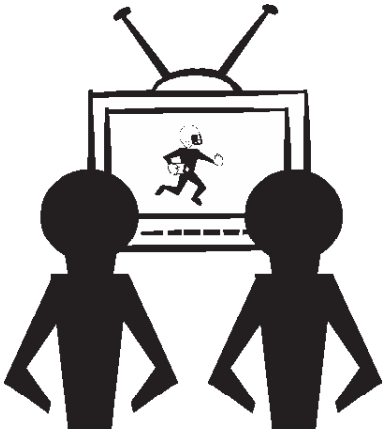


Yes No

Is It Labor?



Yes No



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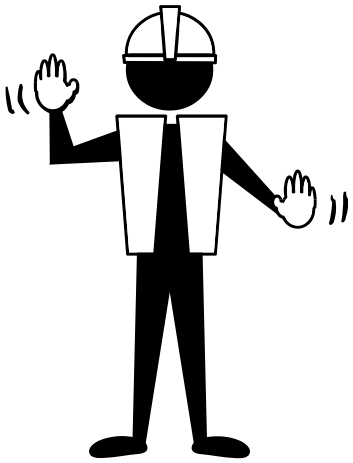

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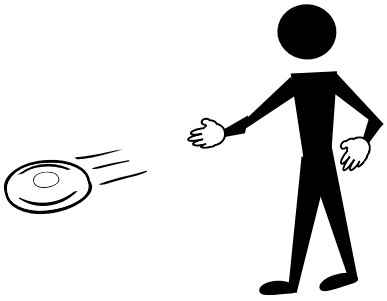

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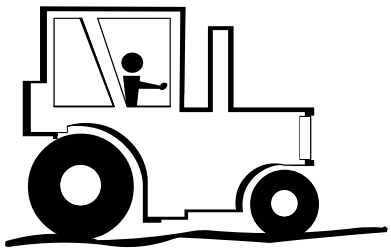

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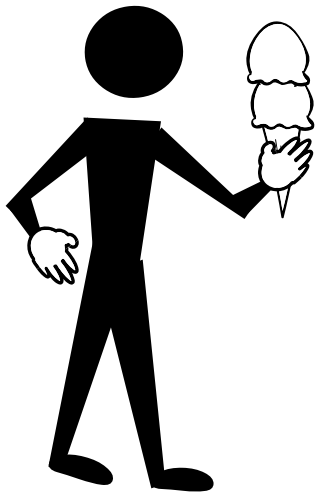
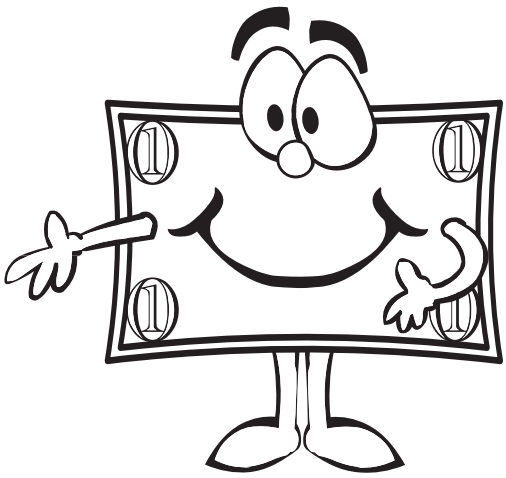


Yes No

My Budget



Name _____

Plan your budget. Your allowance is one dollar each week. Fill in the budget with the correct amounts.

Week	Make	Save	Spend	Total Saved
1	$1.00	0.75	0.25	
2	$1.00	0.50	_____	
3	$1.00	_____	0.75	
4	$1.00	1.00	_____	

How much did you save this month?_____