

CREATING WEALTH

A PERSONAL BUDGET EXERCISE



The cover is a **BENJAMIN FRANKLIN** portrait created by the artist Joseph Duplessis in 1778.

Benjamin Franklin was born on January 17, 1706. Franklin was an American polymath (a smart person with knowledge in several different areas). He was a writer, scientist, inventor, statesman, diplomat, printer, publisher, political philosopher, a world traveler who loved to go to parties. Among the leading intellectuals of his time, Franklin was one of the Founding Fathers of the United States, a drafter and signer of the *Declaration of Independence*, and the first postmaster general.

Franklin had an exceptional personal *BRAND*.

His *STORYTELLING* and *NETWORKING* skills were renowned.

Franklin was a **serial entrepreneur**. He started his career as a printer and book publisher. He founded the *Pennsylvania Gazette*, a successful newspaper and also published the famous “*Poor Richard’s Almanack*.” His printing business was a very successful entrepreneurial venture. Franklin also started several other businesses, including the Library Company of Philadelphia, one of the **first subscription libraries** in America, and the Philadelphia Contributionship, **an insurance company**. He is famous for his experiments with **electricity**, which led to the discovery of the lightning rod. He also invented various practical devices, such as **bifocal glasses** and the **Franklin stove**. He helped establish **fire departments, paving and cleaning services**, and educational institutions in Philadelphia. In addition to his **newspapers** and **almanacs**, Franklin wrote and published books and essays. **His autobiography**, for example, became a **successful publication and is still popular today**.

Benjamin Franklin hated excessive borrowing.

He would be **furious** about TODAY’S **government debt** and America’s **government LEADERS** (*Presidents and Congress men and women*) who **CHOSE to borrow money rather than spend less**. Franklin advised against incurring debt, especially for non-essential purposes. He believed that individuals should avoid borrowing money unless it was absolutely necessary. He famously wrote, “*A penny saved is a penny earned*,” emphasizing the value of saving and prudent money management. He cautioned against accumulating debt that today would create low credit scores and paying high interest rates. Franklin also believed in paying debts/bills ON TIME.

While cautious about debt, he acknowledged that **credit could have a useful purpose if used wisely and for productive purposes, such as starting a business**. However, **he always emphasized responsible borrowing and avoiding excessive debt**. He believed that individuals should strive to be free from the burden of debt and the need to rely on others for financial support.

Benjamin Franklin had amassed so much **WEALTH** he essentially **retired** from running his businesses in his **early 40s**. At the time of his death in 1790,

his estate was valued at *\$400,000* in 18th-century U.S. dollars.

Some suggest \$400,000 in 1790 could be equivalent to

HUNDREDS OF MILLIONS of dollars in 2023.

GLOSSARY OF KEY TERMS:

PERSPECTIVE INTERPRETATION

“This text is not fact, rather the view of one author; consequently, it should not be automatically accepted as ‘truth.’ Two time Pulitzer Prize winning historian and author, Barbara Tuchman, stated ‘there is no such thing as a neutral or purely objective historian.... without an opinion, a historian would simply be a ticking clock....’ Your mission should be to determine the ‘truth.’ Your challenge will be to explain why anyone should believe you.”

CREDIBILITY BELIEVABILITY

“It’s not a given, we acquiesce too quickly. Be respectfully skeptical. Do your homework; check the record and the resume. Ask the question – ‘should I trust this person as a credible source for the truth?’ Make it a prerequisite before embracing the claims of anyone who professes to have the ‘answers.’”

QUESTIONS about Budgeting

1. **WHAT** is a BUDGET?
2. **WHO / WHAT** CREATES A BUDGET?
3. **WHY** would a person have a budget
4. ARE THERE **BENEFITS** with having a budget AND, IF so, WHAT ARE THE **BENEFITS**
5. **WHAT** SHOULD BE THE **GOAL**(s) of a BUDGET?
6. **HOW** does someone create a BUDGET?
7. **WHAT** DOES **INCOME** MEAN?
8. **WHAT** DOES **EXPENSE** (s) MEAN?
 - WHAT IS A **FIXED EXPENSE**?
 - WHAT IS A **VARIABLE EXPENSE**
9. ARE THERE BENEFITS FOR SETTING **GOALS** WHEN CREATING A BUDGET?
10. WHO IS **THE BEST** at establishing and following a budget?
11. WHO IS **THE WORST** at establishing and following a budget?
12. **OTHER QUESTIONS** - because QUESTIONS ARE ALWAYS MORE IMPORTANT THAN ANSWERS!



ANSWERS about Budgeting

1. A **BUDGET is a PLAN** created to help INDIVIDUALS, FAMILIES, COMPANIES, ORGANIZATIONS, COUNTRIES, STATES / PROVINCES, CITIES / MUNICIPALITIES / TOWNS, organize and keep track of their income (the money earned / collected) and expenses (the money spent on 'stuff').
2. **WHO** or **WHAT CREATES a BUDGET?**
 - **individuals** - like **YOU**
 - **families** - Cronin, Garcia, Barone, Chang, Wilson, etc
 - **countries** - e.g. United States, Dominican Republic, China, Ukraine, Israel, etc
 - **states / estados / provinces** - **USA**: Rhode Island, Massachusetts, North Carolina, etc **Canada**: British Columbia, Saskatchewan, Quebec, etc **Mexico**: Veracruz, Jalisco, etc
 - **cities / towns** - **Providence**, RI; **Cranston**, RI, USA; **Charlotte**, NC, USA; **Baltimore**, MD, USA, **New York**, NY, USA; **Quebec City**, Quebec, CANADA; **Santo Domingo**, capital city of DR; **Nuevo Laredo**, Tamaulipas, MEX;
 - **organizations / businesses** - YMCA, NAACP, Boys & Girls Club, etc / Nike, Amazon, McDonalds, Apple, Netflix, etc
3. The **PURPOSE of a BUDGET** is to provide ACCURATE information to the person / country / family which creates and manages their budget to help them make logical, fact based decisions for the best ways to use their money to achieve their goals and become the person / family / country / state / city / organization they aspire to be.
4. WHAT are the **most often used WORDS** in a BUDGET?
 - **INCOME** - *gross and net*
 - **EXPENSES** -
 - **FIXED EXPENSE** -
 - **VARIABLE EXPENSE** -
 - **DEFICIT** -
 - **SURPLUS** -
 - **BALANCED (BUDGET)** -
5. The **BENEFITS** of a BUDGET can only be realized IF THE BUDGET is based on **FACTS** as well as a COM-

MITMENT to follow your budget plan. For example, you use the amount of money you actually make / earn / collect **AND THEN only spend** the amount of money you plan to spend when you created your budget. In other words, **DON'T SPEND MORE THAN YOU MAKE / EARN / COLLECT**. The **BENEFIT** of a BUDGET is a **REALISTIC PLAN** for you to *manage your money and achieve your financial (money) goals which will help you become the person you hope to be living the lifestyle you hope to live.*

6. THE **GOAL** of the BUDGET is to **COMMIT TO THE BUDGET YOU CREATE**. That is, make sure you EARN / MAKE / COLLECT the amount of money you said you would. **IF** you find out later you are not earning / making / collecting the amount of money you thought you would, **THEN** you must SPEND LESS than what you originally planned to spend. **FOR EXAMPLE, IF** you planned on spending \$100 a month on food and snacks and you're making / earning / collecting **LESS** money **THAN YOU BUDGETED, THEN** you should **SPEND LESS** than the \$100 you planned on spending when you originally created your budget **OR, earn more money!!!** You must adjust your budget to achieve your goals of becoming what / who you aspire to be.

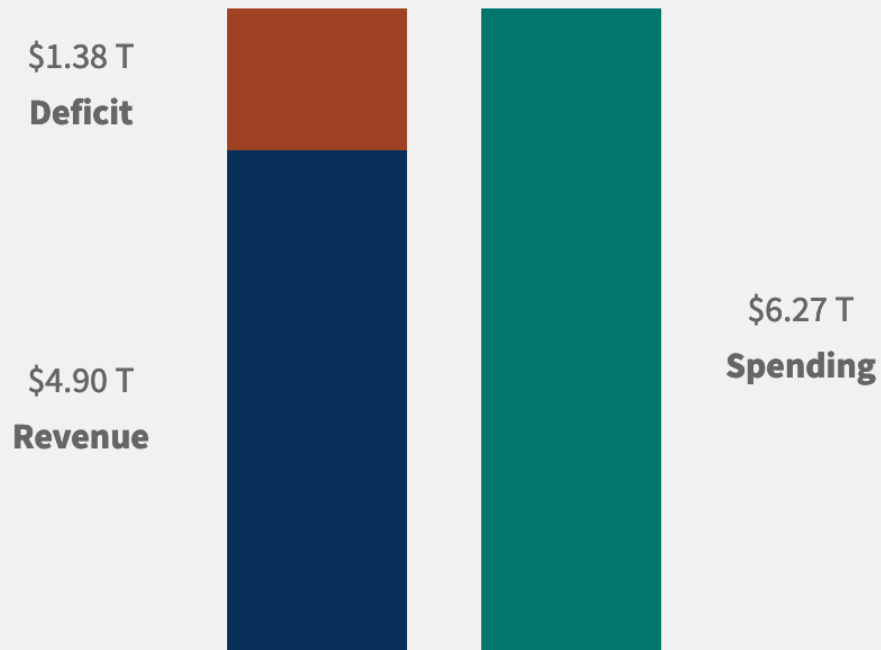
7. WHO IS **THE WORST** at establishing and following a budget? There are many families, cities, states and countries all over the world that are terrible at **creating and following** a realistic **budget**. Here are a few examples - The country of Argentina. The American state of California. The country of the United States of America.

- ♦ **Argentina** - Argentina has faced repeated economic challenges and financial crises in the past which has forced **Argentinian leaders to borrow from other countries** and the **WORLD BANK to stabilize its economy and pay its bills**. Argentina's financial challenges has created high inflation, currency devaluation, lots of debt and borrowing, and fiscal deficits (spending more money than the Argentinian government collects in taxes). **CONSEQUENTLY, INFLATION REMAINS A SIGNIFICANT PROBLEM IN ARGENTINA**. The **Consumer Price Index (CPI)** keeps track of price changes for a basket of goods and services over a defined time period. In Argentina, the **CPI in January 2023** was 99% higher than the one calculated in the same month of the previous year, with this figure being the largest monthly inflation rate since the beginning of 2018. **FOR EXAMPLE, if a loaf of bread was \$30 in 2022, the same loaf of bread today, in 2023, costs \$60.**
- ♦ **California** - has a **\$32 billion dollar budget DEFICIT** for the year 2023. In other words, the state of California spent \$32 billion dollars MORE than they collected in taxes for the year 2023. California has a **balanced budget law** as stipulated in its state constitution. The California Constitution, Article 4, Section 12, mandates **CALIFORNIA'S state BUDGET MUST BE BALANCED**. This means that the state government CANNOT SPEND MORE MONEY THAN IT COLLECTS IN TAXES and fees in any fiscal year. **If** California does spend more than it collects in taxes, **California must cut expenses and / or raise taxes to balance their state budget for the following year.**



- The **United States of America**. The **T** in the graph below stands for **TRILLIONS** of dollars!

U.S. Deficit Compared to Revenue and Spending, FY 2022



As you can see in the GRAPH ON THE PREVIOUS PAGE,
the **United States FEDERAL government** in Washington, D.C.
SPENDS MORE MONEY THAN IT COLLECTS IN TAXES.
The **FEDERAL GOVERNMENT OF AMERICA DOES NOT HAVE**
A BALANCED BUDGET REQUIREMENT.

A **BUDGET DEFICIT** occurs when money going out (spending) exceeds money coming in (revenue collected or earned). DANGEROUS. AMERICA'S federal government spent \$6.27 trillion and ONLY collected \$4.90 trillion in revenue from tax collections, **resulting in a deficit**. WHEN **spending exceeds revenue**, there is **deficit spending**. American government leaders continue to **CHOOSE** to spend MORE AND MORE money than the government collects in taxes. America's government leaders **CHOOSE** TO BORROW MORE than **CHOOSING** TO SPEND LESS. COULD YOU RUN YOUR FAMILY BUDGET THE WAY AMERICAN GOVERNMENT LEADERS RUN OUR AMERICAN GOVERNMENT BUDGET? **DOES THIS MAKE SENSE TO YOU?**

The opposite of a budget deficit is a **BUDGET SURPLUS** which occurs when the federal government collects more money in taxes than it spends. The U.S. has experienced a fiscal year-end budget surplus five times in the last 50 years, most recently in 2001.

When there is **NO deficit or surplus** BECAUSE spending and revenue ARE EQUAL, the budget is considered A **BALANCED BUDGET**.

UNITED STATES OF AMERICA **FEDERAL GOVERNMENT LEADERS** **CHOOSE**
TO BORROW MONEY FROM FOREIGN COUNTRIES TO **PAY AMERICA'S BILLS.**

Top Foreign Owners of US National Debt

	US Treasury Holdings (Billions)	Share of Foreign-Owned US Debt
Japan	\$1,104.4	15.18%
China	\$859.4	11.82%
United Kingdom	\$668.3	9.19%
Belgium	\$331.1	4.55%
Luxembourg	\$318.2	4.37%

Data as of January 2023.

Source: [U.S. Department of the Treasury](#) • [Get the data](#) • [Add this chart to your site](#)

WHERE AMERICA'S FEDERAL GOVERNMENT GETS ITS MONEY!

Sources of Revenue for the U.S. Federal Government, FYTD 2023 Revenue by Source Categories

Individual Income Taxes

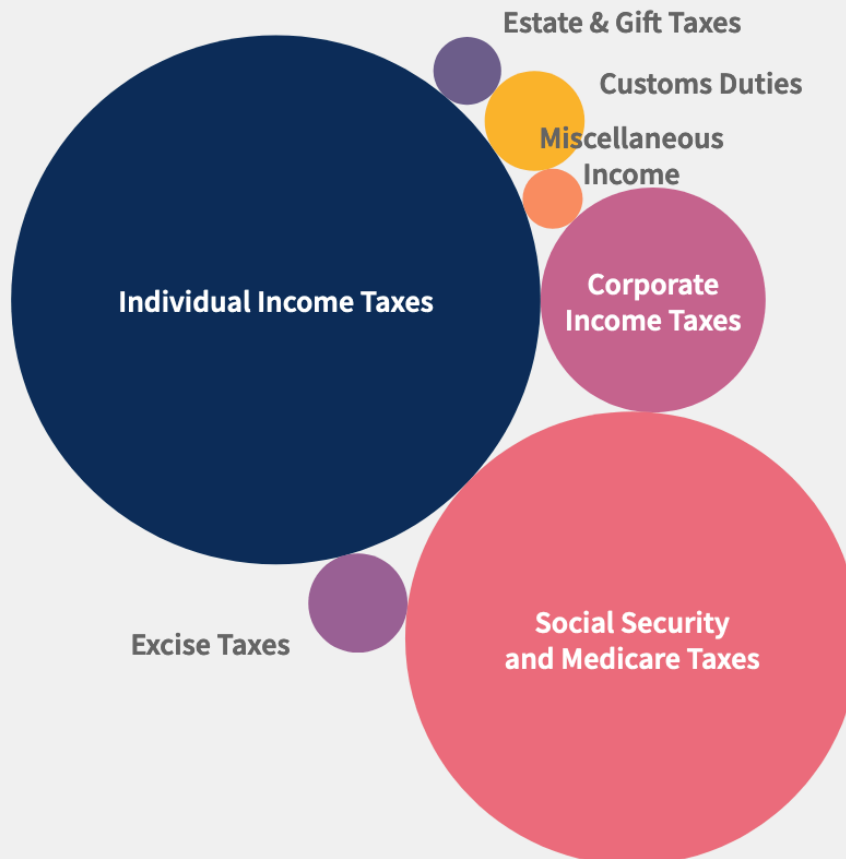
Category

\$1.69 T

Revenue Amount

50%

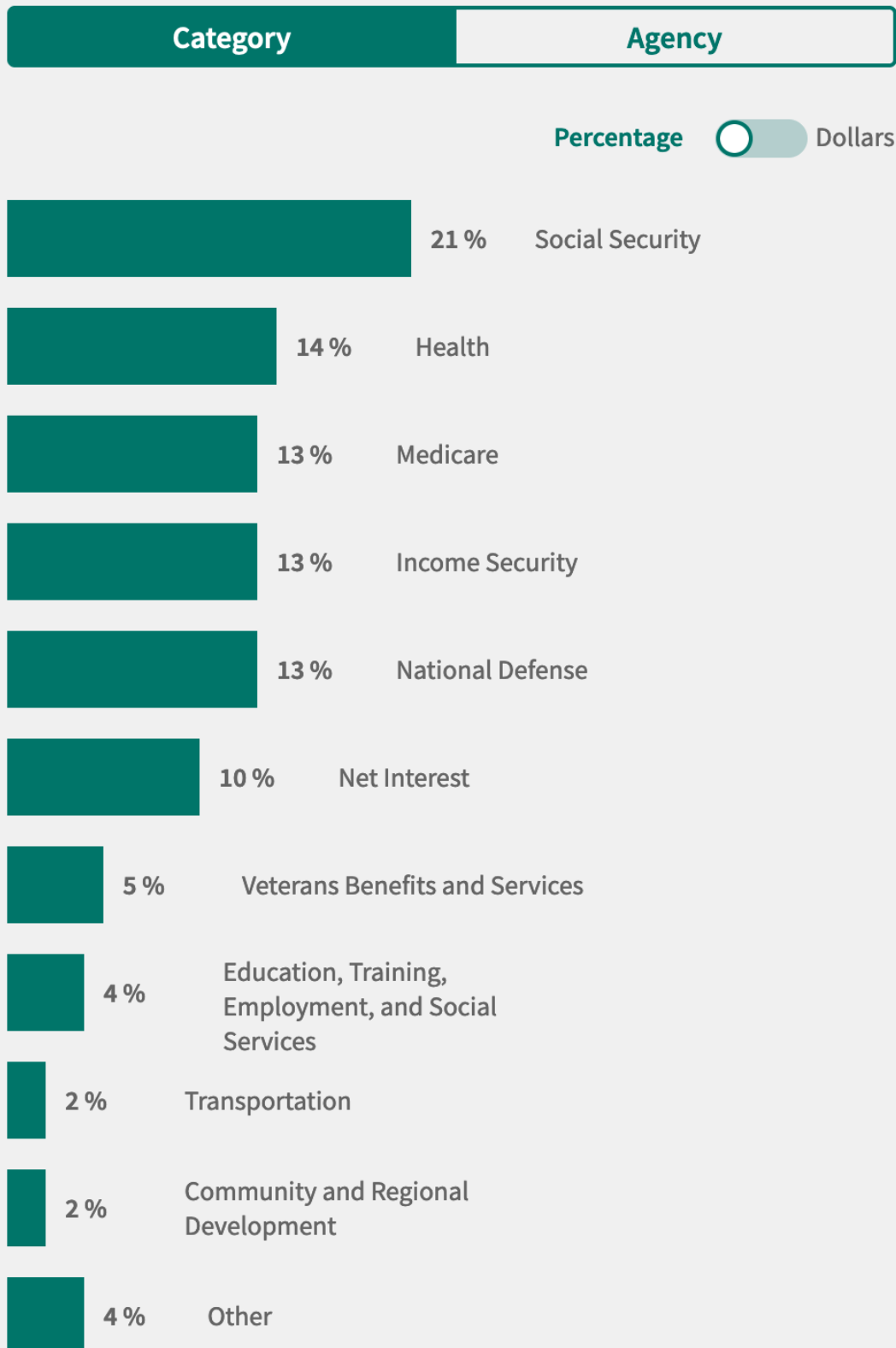
% of Total Revenue



Total Revenue: \$3.41 T

U.S. Government Spending, FYTD 2023

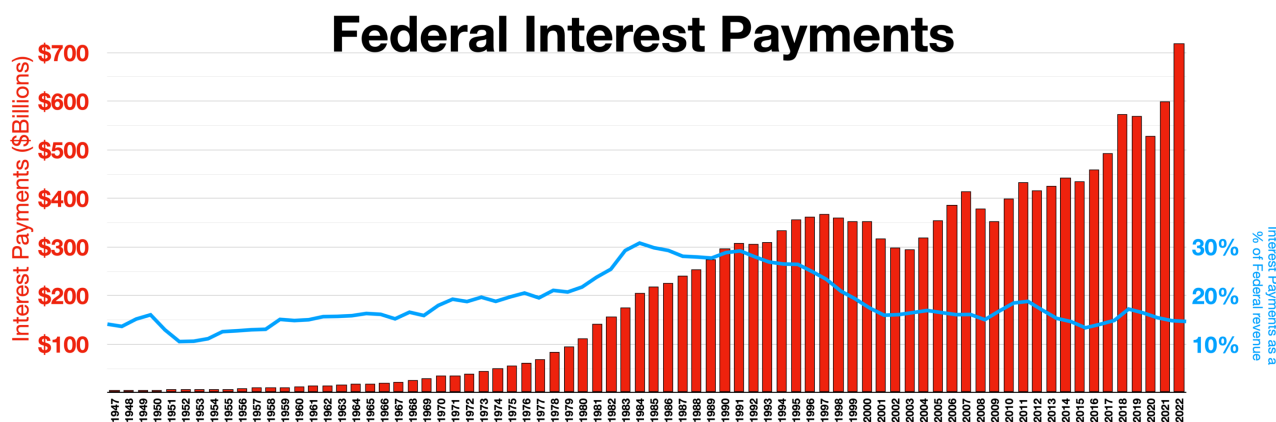
Top 10 Spending by Category and Agency



Other **PLACES THE UNITED STATES FEDERAL GOVERNMENT BORROWS MONEY**: private banks and investors, the Social Security Pension fund managed by the US federal government, state and local governments, mutual funds, pension funds, insurance companies, and investors in savings bonds.

What is an INTEREST PAYMENT when **BORROWING MONEY** ?

Your interest payment is an EXTRA FEE you pay to whomever you borrow money from. WHEN YOU BORROW MONEY, YOU MUST PAY BACK THE AMOUNT OF MONEY YOU'VE BORROWED TO THE LENDER (bank, etc) **PLUS** AN EXTRA FEE / COST to the lender, i.e. **INTEREST**. **Imagine** - *you borrow some money from a friend or a bank, and the friend or bank agrees to lend the money to you, but they want a little extra back to pay for their effort for letting you borrow the money. That 'extra' they want is the 'interest payment' when we talk about debt."* This chart below shows the American government has been borrowing more and more money over many years and paying more and more interest (BILLIONS OF DOLLARS) to borrow money to pay its bills.



The Congressional Budget Office's (**CBO**) is a federal agency of the United States government responsible for providing **honest, objective and nonpartisan analysis** of economic and budgetary matters to **AMERICA'S GOVERNMENT LEADERS**. The **CBO's purpose** is to provide government leaders **OBJECTIVE, UNBIASED** information on the United States federal budget and the US economy to help the **LEADERS** of the American Congress AND the United States PRESIDENT make FACT BASED decisions IN THE BEST INTEREST OF ALL AMERICANS.

**The CBO reports the United States federal government spent
\$400 BILLION on interest payments / extra fees
for the money American GOVERNMENT LEADERS choose to borrow
in 2022.**

That's equal to a payment of \$3,055 per household in America.

FACTS:

- United States government **LEADERS** have always **borrowed** and had **debt** except during the Presidency of **ANDREW JACKSON**. (*wikipedia*)
- American government **leaders do not always have to borrow money**. Government leaders **CHOOSE** to borrow rather than spending less or increasing taxes on Americans to balance the American federal government budget.
- The total amount of money America's GOVERNMENT **LEADERS** have **chosen to borrow** has been **RAPIDLY INCREASING** since 2008.
- The **U.S. NATIONAL DEBT** (the money America owes the many lenders (countries, banks, investors, etc), stood at **\$31.46 trillion** as of May 2023.

OPINION (Stephen Cronin):

- Increased government spending and borrowing has caused **AMERICA'S** national **DEBT** to get significantly larger.
- Some times in life there are good reasons to borrow money. **FOR EXAMPLE**, to buy a home or car, to buy military supplies / technology / weapons to protect a country during war, to buy a computer, a new boiler to heat your home or home smoke alarms to protect your family from fire. But, **the amount of money you borrow should NEVER EXCEED the amount of money you earn**. **UNLIKE THE AMERICAN GOVERNMENT**, when a person can't pay back your loans on time all the time, **the lender** (usually the bank you borrowed from) **will take your home, computer, car, and maybe the boiler**.

QUESTION #1 - do you think American government **LEADERS** (President, Congress men and women) should do something different to pay its bills than continuing to borrow **MORE** and **MORE MONEY**? **yes OR no**

QUESTION 2 -

- if **'YES'**, **why** should American **LEADERS** (President and Congress) borrow **LESS MONEY**? _____
- If **'NO'**, please explain the benefits to the American people when government **LEADERS** continuously **CHOOSE** to spend more money than the government collects in taxes and is forced to borrow money at significantly high interest payments in 2023. _____

QUESTION 3 - *what ALTERNATIVES would you suggest to our GOVERNMENT LEADERS for spending the \$31.46 TRILLION we've borrowed and owe to those who lend us the money AND the \$400 BILLION we pay extra for interest fees RATHER THAN paying debts and extra interest fees? Are there better places to spend money rather than on debt services? I'm interested in your ideas. (Please express your ideas in complete sentences with perfect spelling, good grammar and capitalization and no run on sentences.) Thank you.* _____

What is an INTEREST PAYMENT WHEN YOU SAVE MONEY?

When you put money in a savings account, the holder of your savings, usually a bank, pays you a fee, an interest payment, for using your money to lend your money and the money of other savers to other people while you have your money in their bank. It's very important you place your savings in a bank that is government **insured (FDIC)** so that if the bank is robbed or goes out of business, government insurance will pay you the money you've lost.

8. BUILDING **YOUR PERSONAL BUDGET**. You can **CREATE YOUR BUDGET BY** following these instructions:

- identify a **REALISTIC** amount of money you will *earn / paid / collect; WE CALL THIS FIXED INCOME* for YOUR budget. For example, FIXED INCOME IS money earned from your job and investments; if you own property / real estate, payments the people who rent your property pay to you each month; if you have social media sponsor payments, etc
- identify a **FIXED** EXPENSE, i.e. an *amount* of money you must **PAY ON TIME**, weekly, monthly. For example, identify **FIXED EXPENSES** you **MUST** pay like rent, food, CREDIT CARD payment, TAXES, transportation (gas, Uber, etc), mobile phone, etc
- THEN, **VARIABLE EXPENSES**, *i.e other expenses* not required but you spend on extra things because you simply like - entertainment, Netflix, savings, investments, prom tickets, birthday card for your teacher, or an emergency fund to pay for unexpected events like replacing a lost or damaged phone, etc
- **STEP ONE** - LIST YOUR FIXED INCOME - (income / earnings from a job, investments (dividend payments from stocks you own, rent from the tenants of a building you own and rent to tenants, etc)
 - JOB - \$ _____
 - DIVIDENDS / PAYMENTS from INVESTMENT(s) like rental property you own; stock dividends, selling 'stuff' on EBAY, etc \$ _____
 - INTEREST EARNED ON SAVINGS ACCOUNT(s) \$ _____

- **STEP TWO** - list your **FIXED MONTHLY EXPENSES..** (Name each FIXED expense and the amount of money for each FIXED expense - **for example**, \$50 for your monthly CREDIT CARD payment; TAXES to be paid the city or town where you live every 3 months if you own a home; \$50 mobile phone; \$100 car payment to the bank or institution you borrowed money from for the purchase of your car; car insurance \$70; rent \$40, etc):

- _____
- _____
- _____
- _____
- _____
- _____

- **STEP THREE** - list **VARIABLE MONTHLY EXPENSES** (name each variable expense and the amount of money for each variable expense - for example, fun \$20, snacks \$30, Netflix \$17, savings \$5 at an FDIC bank, \$5 investment in stocks, bonds, crypto, commodities like pork or soybeans, minerals like lithium, nickel, energy like oil, natural gas, coal, wind, hydro, collectibles like baseball cards, vinyl, etc)

- _____
- _____
- _____
- _____

- **MONTHLY TOTAL BALANCE** after you subtract your TOTAL EXPENSES from your TOTAL INCOME.

MONTHLY BALANCE \$ _____

- **IF THIS NUMBER IS NEGATIVE, YOU MUST** increase your income to a REALISTIC amount of money (an amount you can really earn) **OR** decrease the amount of money you spend on expenses.
- THE **EXCEL** SPREAD SHEET ON THE NEXT PAGE IS A **SAMPLE OF A PERSONAL BUDGET PLAN**. We will review this BUDGET FORMAT / PLAN in class and encourage you to ask QUESTIONS because your QUESTIONS are MORE IMPORTANT than ANSWERS.

PERSONAL BUDGET WORKSHEET SAMPLE

INCOME		BUDGET	ACTUAL	DIFF	ACTUAL YTD	BUDGET YTD	DIFF YTD	2
JOB		\$1,380	\$1,380		\$5,520	\$5,520	\$0	
OTHER			\$200	\$200	\$1,200		\$1,200	
TOTAL INCOME		\$1,380	\$1,580	\$200	\$5,720	\$5,520	\$1,200	
EXPENSE(s)								
RENT		\$100	\$100	0	\$400	\$400	\$0	
ENTERTAINMENT		\$100	\$120	(\$20)	\$460	\$400	(\$60)	
SAVINGS		\$10	\$10	0	\$40	\$40	\$0	
INVESTMENT		\$10	\$10	\$0	\$40	\$40	\$0	
TRANSPORTATION		\$80	\$80	0	\$320	\$320	\$0	
CREDIT CARD		\$200	\$180	\$20	\$720	\$800	\$80	
FOOD		\$200	\$180	\$20	\$700	\$800	\$100	
PRIME		\$10	\$10	0	\$40	\$40	\$0	
PHONE		\$50	\$50	0	\$200	\$200	\$0	
COSMETICS/ STUFF		\$100	\$50	\$50	\$250	\$400	\$150	
OTHER		\$100	\$1,000	(\$900)	\$1,300	\$400	(\$900)	
TOTAL EXPENSE		\$960	\$1,880	(\$920)	\$4,320	\$3,840	(\$570)	

NOTES - **Job** is 3 hrs per week (5 days) PLUS 8 hrs on Saturday at \$15 per hour. **Other Expense** for April is the purchase of a used APPLE lap top
Other income is selling used clothing to consignment store AND other 'stuff' on EBAY.

- BEFORE CREATING YOUR PERSONAL BUDGET, PLEASE **BE AWARE OF THE DIFFERENCE** BETWEEN **GROSS INCOME / REVENUE** versus **NET-INCOME / REVENUE**.
 - GROSS INCOME / REVENUE** - the amount of money earned / collected BEFORE DEDUCTIONS LIKE taxes (federal, state), Social Security, Medicare, optional retirement savings, optional health insurance, etc
 - NET INCOME** - after all deductions have been subtracted from the gross money earned / paid, etc
- PLEASE **EXAMINE THE PAY CHECK BELOW**. NOTICE GROSS INCOME AND THEN THE NUMEROUS DEDUCTIONS WHICH AFFECT THIS PERSON'S NET INCOME.
- THEN, please *follow the instructions on the on the next page.*

rate	hours/units	this period	year to date	Other Benefits and Information	this period	year to date
	40.00	0.00	0.00	*ADP RS employer match	46.67	1941.12
		0.00	7000.00	Total Hours Worked	40.00	1640.00
	0.00	2333.79	90761.78			
Gross Pay		\$2,333.79	\$97,761.78			
Statutory Deductions		this period	year to date	Deposits	transit/ABA	amount
Federal Income		-230.08	9579.15	account number	XXXXXX3567	1654.76
Social Security		-144.21	6041.05			
Medicare		-33.73	1412.83	Important Notes		
Rhode Island State Income		-88.04	3639.07	Basis of pay: Salaried		
Rhode Island State DI		0.00	924.00			
Voluntary Deductions		this period	year to date			
*ADP RS employee		-175.03	7279.38			
*Dental pre-tax		-7.94	325.54			
Net Pay		\$1,654.76				

1. **Organize into collaborative groups.** **COLLABORATION** is an activity where groups of people come together to examine / analyze data (*information*) THEN discuss the data being examined. **FINALLY**, make decisions based on the data examined / analyzed. **The CHALLENGE** faced by all collaboration groups is their ability and willingness to **COMPROMISE**. **A compromise** is finding a middle ground or making a deal when two people or groups have different ideas or wants and are willing to work things out so that both sides are okay with the outcome, even if it means giving up a little bit of what they originally wanted. It's like meeting in the middle to make everyone a little happy but not completely happy. **Compromises** are often used in everyday life, like when you and your friend want to watch different movies, so you compromise by picking a movie that both of you can enjoy. **Compromise** is the way **successful companies, families** and **governments can achieve** their **goals**; **unsuccessful companies, families and governments rarely compromise** and this is one of the **main reasons they are 'unsuccessful'**. Successful **compromise means everyone accepts less than what they originally wanted so the ENTIRE company (employees and owners), family (parents and kids) or government (ALL CITIZENS) can eventually achieve their goals.**



2. **Each Group is to IMAGINE they are** ONE FAMILY, or a COMPANY, or a ORGANIZATION, or a GOVERNMENT, ETC
3. **Identify a leader** for each collaborative group. **Leaders are expected to** make sure each person in a collaboration group expresses their opinions and ideas during the group collaboration.
4. **EACH GROUP will collaborate** to identify and prioritize as many **FIXED EXPENSES** the group decides are necessary

5. **NEXT - Collaborate to identify AND prioritize as many VARIABLE EXPENSES** the group feels are needed

6. AFTER IDENTIFYING EXPENSES, **THEN COLLABORATE TO DETERMINE REALISTIC MONTHLY TOTAL NET INCOME**

a) identify REALISTIC sources for the monthly NET income decided upon. **MAKE SURE NET INCOME SOURCE(S) ARE REALISTIC**

7. EACH GROUP will **choose a SPOKESPERSON** who will **announce to the class** when called upon by Mr Cronin the following:

a) FIXED EXPENSE TOTAL AMOUNT OF MONEY and THEN, top 6 priority fixed expenses

b) A TOTAL VARIABLE EXPENSE TOTAL and THEN the top 4 variable expenses

c) TOTAL NET INCOME AMOUNT and THEN, the source(s) of the income

d) ANNOUNCE TO THE CLASS WHETHER THE BUDGET IS BALANCED or SURPLUS. DEFICIT BUDGETS ARE UNACCEPTABLE

8. **USE THE WORKSHEET ON THE NEXT PAGE to create your personal budget.**

9. **FINALLY** - the entire class will **vote** on which GROUP has THE **MOST 'REALISTIC' BUDGET**. i.e. most realistic fixed and variable expenses AS WELL AS the most realistic NET INCOME projection.

QUESTIONS - Ask Mr Cronin any questions about the assignment or the information on the sample pay check.

REMEMBER, **QUESTIONS ARE ALWAYS MORE IMPORTANT THAN ANSWERS.**

PERSONAL BUDGET - WORKSHEET

INCOME Sources and amounts:

JOB (s) _____ \$. _____

Other sources of Income _____ \$ _____

_____ \$ _____

TOTAL PERSONAL INCOME \$ _____

• **COST / EXPENDITURE(s)**

FIXED:

example - utilities (electricity, water, etc) \$200.00

1. _____ \$ _____

2. _____ \$ _____

3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
6. _____	\$ _____
7. _____	\$ _____
8. _____	\$ _____
9. _____	\$ _____

Total Fixed Expenditure: \$ _____

VARIABLE EXPENSES:

example - Entertainment (movie, date, etc) \$300

1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
6. _____	\$ _____
7. _____	\$ _____
8. _____	\$ _____
9. _____	\$ _____
10. _____	\$ _____

Total Variable Expenditure: \$ _____

TOTAL ALL EXPENDITURES (fixed AND variable): \$ _____

NEXT - *SUBTRACT YOUR TOTAL EXPENDITURES from your TOTAL INCOME.*

- IS YOUR PERSONAL BUDGET **BALANCED**, does it have a **SURPLUS OR** do you have a **DEFICIT**?
 - circle one = BALANCED, DEFICIT or SURPLUS? _____
- ***IF YOU HAVE A BUDGET DEFICIT***, you must **cut expenses** OR **earn more money** to make your budget **BALANCED or** create a **SURPLUS !**
- FOLLOWING AN INSTRUCTION ON HOW TO USE **EXCEL SOFTWARE or GOOGLE SHEETS**, YOU ARE ASKED TO:
 - put your BUDGET on EXCEL or GOOGLE SHEETS AND give it to your teacher.

- **QUESTIONS?** Always more important than answers!!

10. WHICH **20TH CENTURY** AMERICAN PRESIDENT WAS THE '**BEST**' at establishing and following his FEDERAL government budget plan?



- AMERICAN PRESIDENT **CALVIN COOLIDGE**

(opinion or fact???) - what do you think?

Coolidge served as American President from August 1923 to March 1929. President Coolidge **reduced taxes** AND limited American FEDERAL government spending. By 1927, only the wealthiest 2% of American taxpayers paid any federal income tax. As a result, President Coolidge **reduced the overall federal debt** which had increased during World War 1. The war lasted from July 28, 1914 to November 11, 1918 - a total of 4 years, 3 months and 2 weeks - wikipedia



the 42nd President of the United States,

William Jefferson Clinton (Presidency 1993 - 2001). During the last three years of Clinton's presidency, the Congressional Budget Office (CBO) reported

a budget surplus —

the first American Federal government surplus since 1969. wikipedia

Clinton photo - 1993

*For more information about this activity or "Social Studies 2.0 - A Life Skills program", go to the class web site at ***www.hopeliveskills.com*** and /or contact Stephen Cronin at - ***stevecronin1949@gmail.com****

“The second vice is lying. The first is running in debt.”

—Benjamin Franklin