Minimum Wage & Budgeting
Grades 9-12

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1. **Innovation**

   Learning about the topic of budgeting through the lenses of people living on minimum wage is the topic of this lesson. This is an original lesson planned that I developed pulling together a variety of sources—basic economic and personal finance concepts, online resources, and nonfiction literature. The innovation in this lesson takes a "typical" textbook topic of budgeting and exposes students to economic diversity and nonfiction literature.
3. **Overview**

Creating a budget is a useful skill as it is important to live within one's means. In order to add a context to this activity, students will be looking at budgeting through the lenses of living on a minimum wage income. What decisions will need to be made to provide for basic needs? What choices will be made to make ends meet? How can students begin to understand the day-to-day decisions that face these workers?

Increasing the minimum wage has been in the news both at the state and national levels. Integrating current events with personal finance concepts makes learning more meaningful to students as they learn that what happens in government and the business world around them does influence their lives.

All entities, whether government, business, or individuals need to be mindful of the income they have coming in and the money going out. A budget assists in planning to spend less than the amount earned, paying bills in a timely manner, setting and reaching goals, and handling unexpected costs.

As I explored a variety of ways to plan instruction and learning for students in Introduction to Business class (grades 9-12) at [school name], I wanted to move beyond the typical budgeting activities for high school students suggested in the textbook I use as a reference tool. Two factors were involved in the decision I made to construct this learning activity.

The first factor involved the English Language Arts Core Standards being integrated at all levels in the district and the focus across the curriculum to use nonfiction literature; a variety of articles from news services and the book, *Nickel and Dimed* are used in this lesson.

Secondly, the demographics of the school district. The district consists of several townships and the cities of [list of cities]. While there are several small businesses and manufacturing plants in the area, numerous people commute to the Cities for their jobs. The socioeconomic status of the area is middle- to upper-middle class. As approximately 2600 students; data from 2012-13 indicates that 1% of the student body is Native American; 2% Hispanic; 3% Black, 4% Asian; and 90% White. Minnesota state statistics show that 14% of the high school population receive Free and Reduced Lunches. The school offers a strong college-prep curriculum with Advanced Placement, Honors, and Colleges in the Schools courses. In addition, elective areas are also an integral part of the school’s curriculum. By using the topic of minimum wage supported by selected readings from *Nickel and Dimed*, students were introduced to a different point of view from society.

4. **Appropriate Grade Level and Time Required**

Grade level 9-12. The lesson took four class periods (55 minutes).

5. **Learning Objectives**

Students are presented with basic knowledge about resources, needs, wants, decision making, and budgeting. Following this brief introduction, they are introduced to life as a minimum wage employee through selected portions of Chapter 1 in Barbara Ehrenreich’s book, *Nickel and Dimed*. Students are also using two current events articles related to minimum wage laws and a living wage calculator. They prepare a budget for a person living on minimum wage. The objectives are as follows:
Students will

1. Explain challenges people face when living on a minimum wage.
2. Apply the PACED decision-making model.
3. Discuss current minimum wage legislation.
4. Prepare a "minimum wage" budget.

6. List of Economic Concepts

Resources
Decision Making
Budgeting
Economists' Views and Governmental Action: Minimum Wage

7. MN Content Standards

Substrand 1: Economic Reasoning Skills

Standard 1: People make informed economic choices by identifying their goals, interpreting and applying data, considering the short- and long-run costs and benefits of alternative choices, and revising their goals based on their analysis.

Substrand 2: Personal Finance

Standard 2: Personal and financial goals can be achieved by applying economic concepts and principles to personal financial planning, budgeting, spending, savings, investing, borrowing, and insuring decisions.

8. Materials Needed:

1. PPT 1: Introductory Terms
2. PPT 2: Introduction to Nickel and Dimed
3. Nickel and Dimed by Barbara Ehrenreich, Chapter 1: Serving in Florida (selections)
4. Handouts 1 and 2: Current articles on Minimum Wage
5. Handout 3: Jigsaw Summary Sheet
6. Handout 4: Living Wage Calculator Exercise
7. Handout 5: Budget Activity

9. Procedures:

Part 1:

Engage students in conversation about how they spend their money? Is there enough money for them to get what they need and want? What choices do they need to make? What are they responsible for paying for as high school students? Suggested answers: budgeting, choices in how they will spend money.
PortZ:

Discuss terms that will be used...PPT Slides 1 – 8.

1. Ask students about jobs they may have or have had...
   a. What did they earn? Suggested answer: Minimum Wage
   b. Could they imagine paying for all of their expenses on a minimum wage? Suggested answer: No

2. Introduce Nickel and Dimed... more information on PPT2.
   a. Has anyone traveled to Key West Florida? What were there observations? How did a tourist’s view impact there observations? Suggested answer: tourist area...lots of jobs in the service areas.
   b. What about the service they received from hospitality workers? Suggested answer: make connection to service jobs and low pay.
   c. Transition to Ehrenreich's interest in viewing life through the lenses of a minimum wage worker.

Part 3:

Reading: Chapter One: Serving in Florida

While the main focus is to explore resources, needs, and wants within a minimum wage environment, students are also exposed to a variety of other topics within the work environment and lives of the employees. The questions reflect these topics as students and the instructor discuss the material. (These questions were structured not only to address information in this lesson, but also help students connect to other aspects of the Introduction to Business class and their own lives.)

a. Pages 11-12: Ideas for class discussion
   • $7 per hour...what would be a week’s earnings, one month, and a year’s earnings?
     Suggested answers: 40 hour work week x 7
     Weekly pay x 4
     Weekly pay x 50 or 52-students decide if a two-week vacation
     Ask students about deductions from their pay checks...income taxes, Medicare, Social Security.
     Suggested answer: taxes depend upon earnings and allowances, Medicare is 1.45% of income;%

   • Work through decision-making model with place to live
     • Problem: Needs a place to live
     • Alternatives: Trailer home, Efficiency
     • Criteria: Cost, Distance from Work, Cleanliness, Comfort
     • Evaluate:
       Trailer Home: $675; 15 minutes from downtown; no screens; no fans, no air conditioning, no television.
       Efficiency: $500; 30 miles from downtown; gleaming white floor and few resident bugs; firm mattress.
     • Decision: Efficiency
b. Pages 13-16: Ideas for class discussion

- Ask students how they have gone about searching for jobs. Suggested answers: friends, signs, filled out application.
- Ask students about questions they have been asked during job interviews. Have them compare those questions to those listed in the book. What about the question regarding day care issues? Suggested answer: By law, should not be asked.
- "nobody lasts more than a couple weeks" How does this impact businesses? What term is used in business to describe this? Suggested answer: Turnover is a term that students will see again in the jigsaw reading. (page 15)
- "work for $2.43 an hour plus tips" Suggested answer: 2013 Fair Standards Labor Act: If an employee's tips combined with the employer's direct (or cash) wages of at least $2.13 per hour do not equal the minimum hourly wage of $7.25 per hour, the employer must make up the difference. (page 16)

c. Pages 17- top of 19: Ideas for class discussion

- "Do it better than anyone has ever done it before. Or so said my father" (page 18) Work ethic...What are those motivating statement that are a part of your work ethic? Who has influenced the way you approach work, school, and activities? What advice would you have for younger siblings? Suggested answers: Link motivating statements to advertising: Just do it...Nike, coaches' and parents' advice.

d. Bottom of 19-21: Ideas for class discussion

- Discussion of work expectations in a service business. Suggested answers: There are always a few students in class who work in service/food service jobs...have them share expectations in their workplaces. Customer is always right, service with a smile.

e. Pages 22-middle 25: Ideas for class discussion

- Discussion of management: "I spend all of those weeks under the surveillance of men (and later women) whose job it was to monitor my behavior for signs of sloth, theft, drug abuse or worse". (page 22) Discussion of students experiences with good coaches, supervisors, managers. How do their observations fit with this description? Suggested answer: Managers in a more support, encouraging role

f. Pages 25-middle 27: Ideas for class discussion

- What is housing like for the employees working with Barbara? What seems to be a common theme? What keeps them from more stable housing arrangements? Suggested answer: Employees share rooms, sleep in car, hotels. They do not have the money required for a security deposit on apartments.

g. Page 28-middle 29: Ideas for class discussion

- Work through decision-making model with place to live
  - Problem: How can Barbara budget money to pay for all of her expenses?
  - Alternatives: Use car to live in, Find a second or alternative job
• Criteria: How will this increase earnings or decrease expenses?
• Evaluate:
  Live in car: decrease expenses
  Alternative job: increase income by working at Jerry's with three to four times more customers
• Decision:
  Alternative job at Jerry's

h. Bottom 29 then skip to 34–mid 35:
i. Bottom 38–top of 40: Ideas for class discussion
  • Work through decision-making model with place to live
  • Problem: Travel to work is impacting ability to earn
  • Alternatives: Stay in same location, move closer to downtown
  • Criteria: Time and Money
  • Evaluate:
    Same location: 45 minute drive to work; no possibility to earn extra money from second job, cost of gas is $4-$5 a day
    Move closer to downtown: significant decrease in commute time provides an option to earn more money by having a second job; decrease in cost of gas
  • Decision:
    Move closer to downtown

j. Bottom 41–mid 42 then skip to second paragraph page 45 and stop at "I can do this two-job thing, is my theory, if I can drink enough caffeine" (page 45). Ideas for class discussion:
  • More recent statistics:
    "In 2012, South Dakota recorded the highest multiple-jobholding rate of any state, 9.5 percent, followed by Vermont, 8.6 percent, and Nebraska, 8.5 percent. Four additional states had multiple-jobholding rates of 8.0 percent or above. Most of the states with high multiple-jobholding rates in 2012 have had consistently high rates over the time span during which estimates have been available. Florida had the lowest multiple-jobholding rate of any state in 2012, 3.4 percent. Four other states recorded rates below 4.0 percent. The annual average multiple-jobholding rate for the United States was 4.9 percent in 2012, unchanged from 2011 and 2010. No state had a statistically significant over-the-year change in its multiple-jobholding rate." (http://www.bls.gov/opub/mlr/2013/article/multiple-jobholding-in-states-in-2012.htm)

k. She is back on the job at Jerry's....bottom of page 47 "Much of what happens..." through page 49. Ideas for discussion:
  • Revisit the purpose of Ehrenreich's experiment..."I had gone into this venture in the spirit of science to test a mathematical proposition." What was the purpose of her experiment? What were the results of her experiment in Key West? How did she personally respond to her experiences?
    Suggested answers: The purpose was to determine if her income in a low wage job could cover her expenses. In her experiment, she was not able to cover the expenses. Personally she felt like a failure...understanding the conditions of many of her workers, she made arrangements for Gail to move into her housing.
    Link the information from the book, to the next portion of the lesson which is to read current events related to the topic.
Part 4:

Jigsaw activity relating topic to current events. **PPTI Slides 10 and 11.**

**Handout 1:** Helgerson, Baird. "Minnesota Makes History with Largest Minimum Wage Hike". Star-Tribune, April 14, 2014-10:18 PM.


1. Count off students so there are groups of four.
   a. Students will be assigned to read part of the articles. **Handout 3:** They are to summarize their portion on the handout and be ready to share with the others in their group.
   b. Once all group members are prepared, they will share the information to the others.
   c. As a group, they will answer the summary questions at the end of the sheet.
   d. Regroup as a whole class to process.
      i. Ask for each group to share one of their ideas...
      ii. Discuss economists’ view pros and cons discussed in the articles
      iii. Discuss multi-step increase and indexing.
      iv. Discuss Minnesota’s legislation...amount and multi-step increase and indexing.
      v. Connect reading to the topic of budgeting...show **PPTI Slide 12.**

Part 5:

In Nickel and Dimed, focused on minimum wage...learned about the challenges of covering expenses...With increase in minimum wage, will budgeting still be a challenge?

**PPTI Slide 13:** Activity with **Handout 4:** Living Wage Calculator.

Discussion: Where students surprised by the costs in the Twin Cities? What regions of the country have the lowest cost of living? What might be some issues related to resources in those areas?

Part 6:

**PPTI:** Slide 14. **Handout 5:** Budgeting Activity

Lead students through the top part of the handout when tax calculations are completed. Review the PACED Decision-Making Model. Answer individual questions.

10: Evaluation

The following objectives will be assessed by these tools

1. Explain challenges people face when living on a minimum wage.
   **Assessment Tool:** Essay question
   Using insights you gained from Nickel and Dimed and the two current events readings, discuss two reasons why some economists want to raise minimum wage and two reasons other economists are against raising the minimum wage.
2. Apply the PACED decision-making model.
   *Assessment Tool:* Students will respond to questions following the budget activity (on Budget handout).
   - How successful were you in staying within your budget?
   - What helped you stay within the budget? What decisions did you have to make to stay within the budget? Describe how the PACED model assisted you?
   - What insights did you gain from this exercise about making income stretch to meet expenses?
   - How can this model be applied to your personal life?

3. Discuss current minimum wage legislation
   *Assessment Tool:* Essay question
   Describe the minimum wage legislation that the Minnesota Legislature passed in April. How will it increase? Does this action involve a multi-step increase, indexing, or a combination of the two methods?

4. Prepare a "minimum wage" budget.
   *Assessment Tool:* Completed Budget.