

Economics Budget Project
Ms. Graham
Warren Mott High School 2015/2016

This project is designed to help you think about the costs involved in living on your own and how economic reasoning becomes a reality when you are faced with daily decisions regarding opportunity costs. Perhaps you will discover just how expensive it is to live on your own. Perhaps you will gain a greater appreciation for your parents/guardians and the budgetary challenges they face every day. Above all else, my goal is to help you plan beyond high school by preparing you for the real world.

For this project, you will go out into the “real world” to discover just how easy or difficult it is to get by on the average just-out-of-college salary. I know that you have researched careers and most of the careers you have looked into earn more than \$28,000 starting salary, however, for the purpose of this project we will assume all are earning a starting salary of \$28,000 per year.

This project may be done individually or in a pair with a classmate. If you work in pairs, you must show the doubling of expenses when applicable. You will turn in one project that will contain an itemized list of your expenses and evidence on how you came to your expenses. Expenses and evidence need to be divided into categories.

Final Project Format:

1. Title page in MLA format.
2. Table of contents.
3. Itemized lists of expenses by category and evidence for purchase prices in each category.
4. Summary balance sheet listing income and total expenses by category and remaining balance.
5. Two page MLA format reflection per person on the project in which you talk about how you went about gathering the data, what you learned, and comments or suggestions on how to improve the project in the future.

The Table of Contents shall be organized into the following categories:

1. Taxes, Savings, and Investment
2. Lodging
3. Furnishings
4. Transportation
5. Food
6. Clothing
7. Personal Hygiene
8. Leisure/Miscellaneous
9. Summary Balance Sheet
10. Reflection

Each category should address all relevant expenses. Include a copy of a bill, advertisements, or coupons as evidence for items you are planning on purchasing. For example, if you state that a sofa will cost you \$400, I want to see proof of that price through an advertisement. Don't forget to add 6% MI sales taxes on non-food purchases!

You may not at any time depend on credit or gifts of money to complete this project!
If your project ends in the negative, it is an automatic failing grade for this project.

LATE FINAL PROJECTS WILL NOT BE ACCEPTED & I WILL NOT PRINT YOUR PROJECT FOR YOU.

Grading

You will be graded on the professional presentation of your report and how completely you address all the items.

At least one section of your project will be collected every Friday and counted as a quiz grade. No late work will be accepted for these quiz grades given; if you are not present in class, you need to find a way to get me your work.

Categories

Below is a list of topics you must include in your project and the subcategories you must include.

1. Taxes, Savings, & Investments

- Federal Tax Return 1040 EZ
- State of Michigan tax return
- Social Security Taxes
- Ten percent (10%) of your take home pay (after Taxes) must be put into a savings plan of your choice
- OPTIONAL: Any investments you make (stocks, mutual funds, real estate) beyond the 10%.

2. Lodging

Your cell phone must be on your own policy. You may not “add an additional line” under your parent/guardian’s existing plan.

- Rent
- Renters Insurance
- Electricity
- Gas
- Water
- Cell Phone
- Cable, Internet, or both

3. Furnishings

- Linens (washcloths, towels, dish towels, sheets, comforter)
- Furniture (bed, couch, dresser, table, chairs, television)
- Kitchenware (dishes, silverware, glasses, cookware, microwave)
- Cleaning (vacuum, mop, iron, ironing board, bucket, broom, sponges, plunger, toilet brush, dish soap)

4. Transportation

Your car insurance must be your own policy. You may not obtain insurance off your parent’s/guardian’s coverage. You will need to contact an insurance carrier to get a quote on the car you want to purchase.

- Vehicle (lease or buy)
- Vehicle insurance
- Oil changes (minimum once every 3,000 miles)
- Gasoline at \$3.00 a gallon, assuming you drive 12,000 miles per year

5. Food

- Groceries for meals at home (suggestion – create a biweekly shopping list)
- Meals eaten out of the house (restaurants/fast food)

6. Clothing

- Allowance for shoes, purses, belts, pants, shirts, coats, socks, and underwear.

7. Personal Hygiene

- Shampoo, soap, deodorant, razors, brushes, tooth paste, etc.
- Hair cuts
- Laundry costs (laundry mat costs, detergent, dryer sheets, fabric softener)

8. Leisure/Miscellaneous

- Going to the movies, out to play golf, health club dues, out of town vacations.
- Significant other expenses (flowers, birthday gifts, holiday gifts)
- Presents for friends and family (Christmas, Hanukah, Eid, Mother's Day, birthdays)
- Eye exams, glasses, contact lenses
- Pets
- Electronics

9. Summary Balance Sheet

- Balance sheet showing totals spent in each of the above categories deducted from after-tax income, and allocation of any remaining funds.

10. Reflection

- Two page reflection in MLA format on the project in which you talk about:
 - how you went about gathering the data
 - what you learned, liked, disliked
 - comments or suggestions to improve the project in the future

