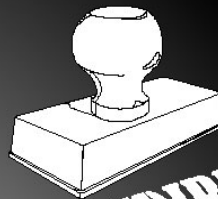


The Checkbook Project

Teaching Financial Literacy Through a Classroom Economy



INCREDIBLE

**GRADES
3-8**

By Scholastic Playwright and National Board Certified Teacher

**MACKOWIECKI
LEWIS**

The Checkbook Project



How to Start an Authentic Classroom Economy with your Elementary or Middle School Students

By Mack Lewis

Kids today can't balance a checkbook! Who knew? Of course we all did, so when the Obama Administration implemented its financial literacy "challenge," no one was surprised when American kids did poorly. Given the tumultuous world economy, financial literacy is certain to be a hot topic in education circles. In fact, talking heads such as US Secretary of the Treasury, Timothy Geithner, are already calling for schools to put the teaching of personal finance right alongside the three R's. You can give your elementary and middle school kids a head-start by creating a classroom economy using checkbook registers donated by your local bank.



The Checkbook Project pumps life into a classroom the way the stimulus package pumped bucks into GM. It improves test scores, inspires the entrepreneurial spirit, and even turns "thugs" into pussycats. In my case, it has motivated kids to clamor to be in my class, to beg parents to start the same system at home, to open real savings accounts downtown. And nearly all my kids count their checkbook as a defining memory of 5th grade. Simply put, it's a more complex form of "class money" without the bother of handing out Monopoly bucks (which often get lost and stolen). But it's also much more. It's a "real world" simulation—an economic infrastructure—that promotes work ethic, practical math skills, and you guessed it, financial literacy.

Materials: Ask local banks to donate check registers and, if possible, checkbook Covers. I've also developed a series of re-

lated forms--tax reports, rental agreements, and more—which are currently available for free on my website at mackowiecki.com.

Passing Work Earns Checkbook

Cash: Students get paid for their work. What and how much depends on what you wish to emphasize. I pay \$1 per point on standardized tests, \$5 per night of verified homework reading, \$1 per percentage point on chapter exams, and usually \$1 per question on lesser tasks. I value projects and compositions based on the amount of work required to achieve results, but I don't pay anything for "practice" work or rough drafts. Nor do I pay for failure, so if a student "does not meet" on a state test, for example, he or she does not get paid. I pay immediately—simply by writing the dollar amount at the top of the assignment or instructing a student to make an entry in his or her checkbook.

Kids Get Paid for Attending:

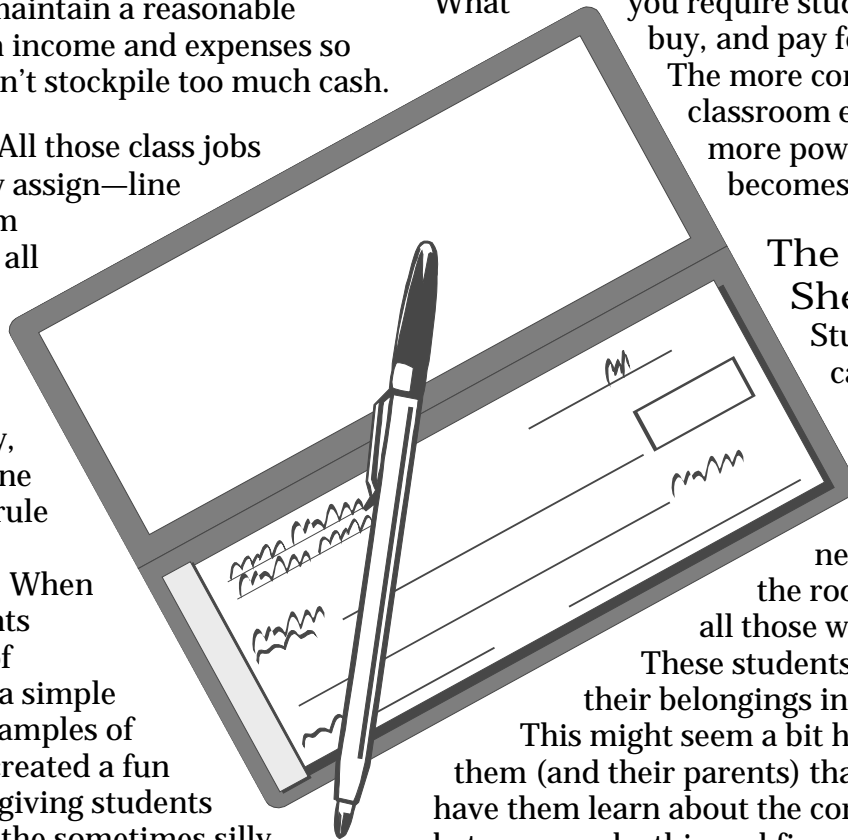
Come to call and you get paid (\$20 per day). Kids also get paid for laps during our Jog-a-thon, for special awards, and for anything else I want to emphasize. How much and what you pay is up to you. Since you have an unlimited supply of this imaginary money, there are no limits on what you can reward. You merely have to make sure you maintain a reasonable balance between income and expenses so that students don't stockpile too much cash.

Class Jobs: All those class jobs teacher's usually assign—line leader, classroom custodian—they all get posted as "employment opportunities." I'm careful not to post too many, and once someone lands a job, the rule is "authorized personnel only." When applying, students submit a letter of application and a simple resume (I post samples of each). I've also created a fun job application, giving students experience with the sometimes silly questions and too-small spacing on the real ones they'll someday encounter when seeking that weekend job at McD's. In the classroom, I pay from \$100 to \$150 a week, and I require employees to "represent The Company in a positive manner." Students who get into trouble or perform poorly face "real world" consequences—probation or dismissal.

Desk Rents and Fines: Once a week, students pay rent for their desks and cubbies (\$100 per week for desks and \$25 for cubbies with periodic rent increases of from 10 to 25%). They're also charged fines

based on our behavior system (from \$10 for a first offense to \$100 for referrals to the principal's office.) They're fined \$5 for each tardy, and I also sometimes assess minor fines for incomplete work or messy desks. I've been known to fine the entire class for violating our noise ordinance or for community litter (\$1 for each piece of trash on the floor after clean-up, for example).

What you require students to rent, buy, and pay for is up to you. The more complete your classroom economy, the more powerful it becomes.



The Homeless Shelter:

Students who cannot pay rent occupy the homeless shelter, a single desk near the front of the room shared by all those without funds.

These students also keep all their belongings in a paper bag.

This might seem a bit harsh, but I tell them (and their parents) that I'd rather have them learn about the connection between work ethic and financial security here in 5th grade than learn it on the street as young adults. After all, in order to make rent, a student needs only to show up to class consistently and stay out of trouble. Of course, my shelter kids are the ones who most need to learn this lesson (and they often do; some of my "worst" students have become model citizens). Students move out of the shelter as soon as they have enough money, and I sometimes arrange emergency loans to help. In one recent class, a student started a non-profit organization to assist getting the homeless back into desks. He collected charitable gifts from students, keeping a separate checkbook for the

charity, then dispersed the funds to students suffering from unusual circumstances. He did this of his own volition—how's that for validation!

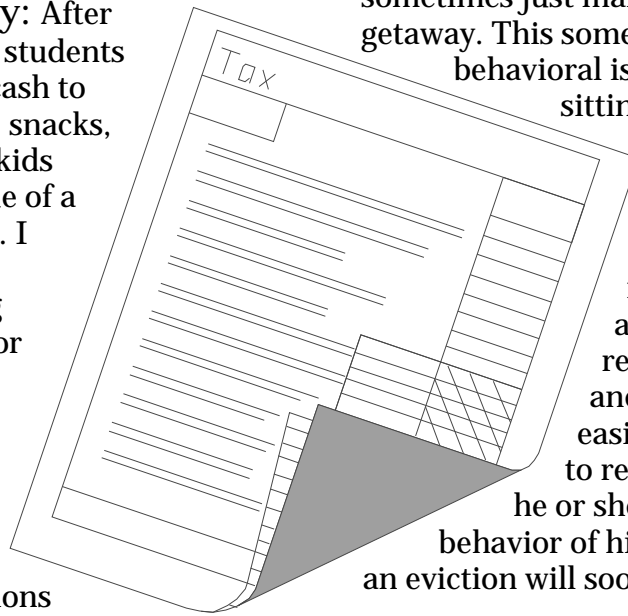
Desk Mortgages: Students also “purchase” their desks. I start at \$500, charging 50% down and 2 or 3 equal payments at 10% interest. The price of a desk goes up periodically, jumping \$100 at a time every couple of weeks. Students can also purchase their cubbies or lockers.

Spending Money: After paying the mortgage, students use their checkbook cash to purchase treats, gifts, snacks, and school supplies (kids quickly learn the value of a pencil or a glue stick). I also auction items of interest, often getting hundreds of dollars for mere trinkets (I then turnaround and sell the same trinket outside of the auction for just a few dollars while discussing how emotions impact auctions and impulse shopping). Many students also bring in items of their own for me to auction. In those cases, I “charge” a 10% commission.

Businesses: It never ceases to amaze me how naturally kids start transacting business. I have students who undercut my prices on school supplies and checkbook covers. Kids sell bookmarks, works of art, homemade jewelry, and more. Before going into business, I require students submit a simple business plan and purchase a \$10 “business license,” which I post on a specific cabinet in the room. Kids also like to advertise their business via signage. In some years I've charged for “billboard space,” while in others I've created a sign tax when the room became too cluttered.

The classroom economy takes on a life of its own as kids originate new twists. All the teacher has to do is say ‘yes’ to a student’s inspiration (and then create that real world bureaucracy to control it).

Real Estate Moguls: Students like to become landlords, using their earnings to buy unsold desks (usually those previously rented by kids who have moved to the shelter). They then rent the desk space to their friends at a competitive rate, or sometimes just maintain a vacation getaway. This sometimes creates minor behavioral issues, as kids end up sitting in table groups that don't always work for them, but because the teacher is ultimately the real estate agent making the deal, as well as the government regulator assessing fines and fees, such problems are easily controlled. One way is to remind the new owner that he or she is liable for the behavior of his or her tenants. Perhaps an eviction will soon follow.



Taxes: On Friday each week students are required to file taxes. On the tax report they list all sources of income and their total for the week (they “check off” each item from their checkbook as they enter it on the tax form). They multiply their income by the current tax rate. I begin the project at 10% (.10) for Income Tax and 5% (.05) for Social Security, but I raise it as I see fit. I also audit students—usually one per week—which means I examine their tax reports and run through their registers with my calculator. Errors (in their favor) result in corrections and whopping fines. By reminding students that they're subject to audits and fees, they work harder to make sure their reports and registers are accurate. The tax report, by the way, is the

only paperwork handled or recorded by the teacher. Our classroom economy isn't a unit study or a theme—it's an underlying infrastructure. I set aside an hour each week to pay for attendance and homework, for students to pay rent, and to complete tax reports. Otherwise, it all just happens as it does in real life—routinely.


Bankruptcy: Students who deplete their bank accounts face overdraft fees of from \$10 to \$25 (per day or incident, your choice). Students who can't accurately maintain their registers have to pay an accountant's fee of from \$5 to \$50 to have the teacher correct it for them. Students can accept non-taxable gifts or loans from friends or the teacher, which don't count as income (though any interest earned by the lender does). Despite the myriad ways students earn money, you'll still have a few who get so far in the hole they have but one option: bankruptcy. In such cases, the checkbook is "recalibrated" by the teacher, their balance returns to zero, and perhaps their social studies grade takes a hit. Once again, bankruptcy may seem harsh, but better to make their mistakes on a simulation than in the real world down the road.

Lost Checkbooks: Losing a checkbook is like having someone swipe your debit card, so I discourage students from take their registers home and I remind them to guard their checkbooks carefully. When I find one left out after the students depart, I'll sometimes right in a mysterious charge or two, simulating where someone has made bogus charges against the student's account. When some hot shot boy discovers he spent \$79.95 at Velda's Wig Shop, it creates quite a stir—and a lifelong lesson. Also, if a student can't find his checkbook, he can't receive payments or income.

Ending Balance: I've found it best to run this project for only a portion of the school year—usually the last half or the final

trimester. At the end you can acknowledge the students with the highest balance. These will typically be your top performers anyway, but every once in awhile you'll be surprised by some otherwise unruly kid who was highly-motivated by cash. Most kids are proud of their final balance, whether there's something to spend it on or not, but it doesn't hurt to have some things on which students can blow their savings. I've allowed students to purchase after-school ice cream or movie parties, off-campus lunch trips, and movie tickets. I've also found items at garage sales, thrift stores, and around the house on which kids were happy to spend \$500. Again, finding a balance between credits and debits is significant. In the end, a kid's checkbook balance says a lot about who he or she is as a student, and quite possibly what he or she is headed for as an adult. I often tell folks, "If want to know how your child is doing in class, just take a look at her checkbook."

Discussion: Nearly everything associated with The Checkbook Project results in a discussion about real world experiences and consequences. These discussions are perhaps the most significant part of the learning process. What do our taxes pay for? Why do banks charge overdraft fees? What are the pros and cons to buying rather than renting? What is impulse spending? Why is it important to budget? As you work with The Checkbook Project in your room, you'll no doubt find lots of new ways to tweak it and expand it to further simulate "real life." Have fun with it!

For more info and reproducible forms to use with the Checkbook Project, visit my website at www.mackowiecki.com. For more information about financial literacy, visit www.challenge.treas.gov 

Mack Lewis is a National Board Certified teacher and a Scholastic author.

APPLICATION FOR EMPLOYMENT

Date:



Name:

Address:

Phone: e-Mail: Age:

Position being applied for: _____

How soon can you start?: _____ Check All That Apply: Part Time Full Time Other

Education (please list all schools attended and degrees earned): _____ (Please write legibly but small)

| School Name | Address | City, State, Zip | Years Completed | Honors & Awards |
|-------------|---------|------------------|-----------------|-----------------|
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WORK EXPERIENCE (Please list experience within the past five years beginning with your most recent job):

| Employer | Address | Dates Employed | Your Position | May we contact them? If no, why not? |
|----------|---------|----------------|---------------|---|
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REFERENCES: (Please identify two people who are not relatives who can vouch for you):

Name: _____ Name: _____
 Title/Job: _____ Title/Job: _____
 Address: _____ Address: _____
 City, St., Zip: _____ City, St., Zip: _____
 Phone: _____ Phone: _____

- Y N
- Do you have a driver's license? If so, from what state? _____
 - Do you own a guinea pig, hamster, chipmunk, or gerbil?
 - Have you ever served in the military? If so, what branch? _____
 - Do you use Ticonderoga brand pencils? If not, why not? _____
 - Are you left-handed? Are you right-handed?
 - Do you play organized sports? If so, what league: _____

Office Use Only:

- brainiac
- hygiene okay
- positive references
- can spell own name
- can spell other stuff too
- good manners
- go-getter
- do-gooder
- hard-worker

Date hired _____
 If not hired, date contacted: _____
 Interviewer's initials _____

Form B52-747