

Budgeting Curriculum

BUDGETING 101

How do you figure out what you are currently budgeting for things?

In order to figure out what your current budget is, you have to add up what you spend on things. Go over your grocery bills for one week and see what amount it adds up to. Do you usually buy the same amount of groceries every week? If so, then the amount you came up with is your typical weekly budget for groceries.

If you know how much you usually spend on something in a given amount of time, you can use this information to calculate how much you spend in larger amounts of time. If your grocery bills add up to about **\$90 a week**, then you are currently budgeting **\$360 a month** for groceries. (There are typically 4 weeks in a month, so you multiply what you spend weekly by four, and you get the amount you usually spend in a month.)

Annually, **\$90 a week** for groceries comes out to **\$4,320 a year** for groceries. (There are 12 months in a year, so you multiply what you spend in a month by twelve and you get the amount you usually spend in a year.)

How do I improve my budget?

To figure out whether or not you can improve your budget, you need to figure how much you tend to spend on things and then decide whether or not you can spend less on those things. Start by breaking down what you spend into categories, and then figure out what you spend in each category over a set period of time. Start with how much you spend on things in a given week, and then figure out how much you spend in a month, then in a year.

Where do I start?

Start with the big expenses that you really need to pay on a regular basis in order to satisfy basic human needs. (Basic human needs are: food to eat, water to drink and stay clean with, basic clothing to keep warm and not be naked and get arrested, a roof over your head so you don't get wet when it rains, electricity, and heat so you don't freeze to death in winter. Phones are pretty much a necessity in this day and age, along with some form of transportation to get around. Child care is a necessity for most parents as well.)

Next, start adding up other things that you buy on a regular or semi-regular basis, like more clothing, household supplies, and then other things like entertainment or eating out.

Then what?

When you have finished adding up amounts in all your categories, add up all the category totals and see how much money you spend altogether. Now you should have a pretty good idea of how much money you have going out. You need to compare this amount to what you are bringing in. Do you know how much money you make in a year? How about in a month? If your earnings are irregular, do you keep track of what you have coming in at all? In order to figure out a proper budget, you need to have some kind of idea of what you normally bring in to compare to what goes out. If you have a regular job somewhere, you most likely have a paycheck that comes in regularly. You want to pay attention to the amount of take home pay you count on every week, every two weeks, every month, and then see what you take home every year in order to see what kind of financial shape you are in.

What is take home pay?

Take home pay is the amount that's left over from your paycheck after all taxes and /or dues of any kind have been deducted. To be on the safe side, figure your take home pay to be 65% of what your salary or hourly wage is. If you earn \$90 a day in wages before any taxes are taken out (\$11.25/hour), then your take home pay is \$58.50 a day (\$7.31/hour). When figuring out your budget, you don't count on the \$90 a day you earned; you count on the \$58.50 take home you bring in the door.

The actual comparison

Decide on a set amount of time to look over your **income** and **spending**. For instance, you can look over your spending and income for a month, for 3 months, for 6 months, or even for a whole year. Compare the amount of money you have coming in with the amount of money you have going out.

Once you have compared the two amounts (income and spending), start looking over what you spend and where you spend it. Then you can start figuring out where you can spend less.



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