

Getting started

HOW MY CLASSROOM ECONOMY WORKS

The classroom economy program is an effective and enjoyable way to teach your students fundamental financial literacy components without altering your curriculum.

Implementing the program is an easy three-step process:

1. Before the school year starts, you spend a few hours gathering materials and planning how to customize the program for your school and your own classroom.
2. During the first month of school, you spend some classroom time introducing the program and training the students to complete their tasks.
3. Throughout the year, you monitor the students' progress and provide support and guidance when necessary.

As they perform their tasks, the students will help you manage the classroom and, in the process, learn valuable skills—such as responsibility, the value of saving, and delayed gratification—that they will carry with them throughout life.

The beauty of the program is that you don't need to teach these lessons; rather, your students will experience them and learn for themselves. As one teacher told us, there's a thrill in seeing "the lightbulb go on" when a student realizes he or she should have saved money for the next month's rent instead of overpaying for an item at the auction.

Core objectives for students in Grades 7-8

Through My Classroom Economy, students learn valuable life skills in an experiential way.

Specifically, they are able to:

- Take part in a simulation of real-world economic activity.
- Learn the value of earning a paycheck, as they bank the salaries from their jobs.
- Learn how to budget their spending, manage a loan, balance a checking account, and make scheduled payments.
- Discover the importance of saving money to obtain what they want.
- Describe the purpose of paying taxes.
- Find out that every decision has an opportunity cost.

At these grade levels, students continue to earn and spend dollar amounts of three and four digits to match their math skills, but also begin to learn more advanced financial concepts. Students pay an electricity bill, in addition to their rent, and also pay taxes for the first time.

CONNECTIONS TO CORE STANDARDS

The classroom economy is designed in an experiential way to ensure that it supplements rather than interferes with a classroom's core curriculum. It allows students to learn valuable life skills and make progress on topics that are integral to the curriculum. This page is designed to help you make connections between common lessons and the experience of the classroom economy.

Our connections are based on the Common Core State Standards.

STANDARD

MY CLASSROOM ECONOMY

Mathematics

Attend to precision.

Each student is required to maintain a bank log of his or her finances. The individual student's log and the Banker's log of client accounts must be kept in balance to ensure accuracy.

Use place-value understanding and properties of operations to perform multi-digit arithmetic.

Students' bank accounts can grow from as little as \$50 to as much as several thousand dollars. To keep an accurate log, they will need to perform multi-digit arithmetic.

Fluently add and subtract multi-digit whole numbers using the standard algorithm.

Students are required to complete bank transactions using the standard algorithm.

Reading

Interpret information presented visually, orally, or quantitatively (e.g., in charts, graphs, diagrams, time lines, animations, or interactive elements on web pages) and explain how the information contributes to the understanding of the text in which it appears.

Students must read and interpret bank logs and bank slips and explain how these collateral items are used in the classroom economy.

Writing

Write opinion pieces on topics or texts, supporting a point of view with reasons and information.

Students are required to complete a job application naming three jobs they want and the reasons they think they should have those jobs. Essentially, the students must state their case of why they should be awarded a particular job.

Social studies

The classroom economy is a perfect complement to a supply-and-demand unit. Specifically, you can discuss how items at the auction are in high demand (everyone wants them), but the supply is low (only one set of markers, for example), which drives the price up. (**Note:** Social studies standards are not a part of the Core Standards.)

FINANCIAL LITERACY

The classroom economy is designed to help students learn about financial literacy from an early age. This page is intended to support you in connecting common financial literacy standards with the experience of the classroom economy.

Our program addresses many of the standards included in the Jump\$tart Coalition for Personal Financial Literacy's National Standards in K-12 Personal Finance Education.

STANDARD

MY CLASSROOM ECONOMY

Financial responsibility and decision-making Take responsibility for personal financial decisions.	Students earn a salary to pay rent and electricity bills, and they can save their extra money or use it for purchases; alternatively, they may have to pay fines. In this way they learn about the benefits of financial responsibility and the costs of irresponsibility.
Make financial decisions by systematically considering alternatives and consequences.	Students learn to prioritize personal financial goals by determining how to spend or save their earnings surplus. Students can set measurable short- and medium-term financial goals based on the way they spend their salaries. They can choose to earn bonuses and can incur fines for misbehavior, both of which involve assessing alternatives and experiencing consequences.
Develop communication strategies for discussing financial issues.	Students and their families are encouraged through a parent letter to discuss the classroom economy and gain a better understanding of finances.
Income and careers Explore career options.	Students have the opportunity to select various classroom jobs that correlate to real-life jobs. They must have specific skill sets or get recommendations for some of these jobs. Those who want to can start their own businesses.
Identify sources of personal income.	Students earn salaries as their basic source of income. They can receive bonuses by performing well academically and participating in extracurricular activities. Those who want to can start businesses to earn income, and those who don't will see how it works as a source of income.
Describe factors affecting take-home pay.	Although students do not have money withheld from their paychecks, they do pay rent, electricity bills, and income tax.
Planning and money management Develop a plan for spending and saving.	Students need to calculate what they will owe for rent, electricity, and income tax, and set aside money to cover these bills. If they want to spend during the classroom auction, they must save for that too. Opportunities also exist for setting long-term goals.
Develop a system for keeping and using financial records.	The classroom economy requires students to keep their own financial records and verify them with a classroom banker. Students must record income as well as money spent in their bank logs.

Apply consumer skills to purchase decisions.

Students can determine the relationship between spending practices and achieving financial goals by choosing whether and how much to bid in the classroom auction, which offers a range of alternatives.

Consider charitable giving.

Students are encouraged to give charitable gifts and are rewarded with tax deductions when they do so.

Saving and investing

Discuss how saving contributes to financial well-being.

The classroom economy offers strong incentives to savers. To start, they can buy better things in the classroom auction. If they save enough, they even purchase their desks—escaping rent payments forever and having still more money to spend. The system provides many opportunities for students to see how saving improves their financial well-being.

Planning

PROGRAM OUTLINE

Planning and preparation

Begin planning your classroom economy before the school year starts.

- Choose the jobs and responsibilities you will assign to your students, and create lists of bonuses and fines that will be used in your classroom.
- Prepare the materials you will need for the classroom economy activities. You can download and print the materials or order a free kit.
- Start gathering rewards for students to purchase at auctions.

Allow 2 to 3 hours to choose jobs, bonuses, and fines, and an additional 2 to 3 hours to prepare all of the materials.

Introductory activities

On or near the first day of school, introduce your students to the classroom economy. Approximately a week after the introduction, assign jobs to students and provide short training sessions.

Allot a portion of 2 to 3 class periods to complete these activities. Keep in mind, this time does not need to be taken from your curriculum schedule, because it can replace time that you would otherwise spend explaining your class rules and establishing procedures.

Ongoing activities

Every month students earn paychecks and bonus money. They also pay fines, electricity bills, and rent for their desks, and they purchase prizes at auctions—all with classroom economy currency. Although students may need more time and guidance at the beginning of the school year, they typically will become more efficient at banking as the year progresses. To avoid interfering with the curriculum, we encourage you to have students do their banking during transition periods, such as at the beginning and end of the class period. You might also allow students to work on classroom economy activities if they finish curriculum materials early.

Tax Day

Once a year, around April 15—the tax filing deadline for their parents—the students pay a flat income tax of \$500. They can reduce that amount throughout the year by earning points for charitable giving.

Year-end wrap-up

Bring the classroom economy program to an end by encouraging a group discussion and giving students a chance to reflect. Distribute certificates to highlight student successes.

Allow approximately 1 class period for the year-end wrap-up.

ESTABLISHING YOUR ECONOMIC SYSTEM

To start the classroom economy program, you'll need to select:

- A set of student jobs.
- A level of monthly rent.
- A standard for the electricity bill payments.
- A list of opportunities for bonus money.
- A list of fines for violating class rules.

Your selections for bonuses and fines can be drawn from the lists we've provided or based on your own classroom rules. As an option, you may choose to involve your students in creating the bonus and fine lists.

Once the lists are ready, post them in your classroom and refer to them throughout the year. If you wish, you can use materials from this site for the posters and handouts.

JOBS

Every student in the class needs a job. You can select jobs from the list below, and you can create additional jobs to meet the specific needs of your classroom. We do recommend that you include four core jobs: Central Banker, Bank Teller, Fine Officer, and Auctioneer.

Each job needs an appropriate salary. The highest pay should go to the most responsible positions.

This list shows suggested duties and monthly pay for some of the more common jobs.

JOBS	JOB DESCRIPTION	MONTHLY SALARY
Class Banker <i>1 per class</i>	Keep a record of all money flowing into and out of the Central Classroom Bank. Provide Bankers with money as needed. Manage deposits made to the Central Classroom Bank. Review bank logs to double-check transactions conducted by Bankers. Requires a recommendation.	\$850
Banker <i>1 for every 5 students</i>	Keep banking records for about five students. Accept money for deposits. Pay out money for withdrawals. Keep some cash ready to meet requests. Deposit remaining cash in the Central Classroom Bank. Requires a recommendation.	\$800
Fine Officer <i>1 for every 5 students</i>	Check the teacher's offense log for violations of class rules. Hand out fine tickets to students who break the rules. Keep a record of fines and payments. Deposit money from fines in the Fine Folder. Requires a recommendation.	\$750

Loan Officer <i>1–2 per class</i>	Allow students to acquire loans for a set amount. Hand out loan slips and calculate interest. Keep a record of all loans. Work with the Banker to deposit money from the students' accounts.	\$650
Auctioneer <i>3–5 per class</i>	Poll the class to determine appropriate auction items. Identify ways to obtain the items. Plan and facilitate fund-raising events to sponsor the auction. Manage the auction.	\$750
Electrician <i>1–2 per class</i>	Monitor electricity usage in the classroom. Determine the daily charge and report the monthly total. Creatively present ideas on how to conserve energy and reduce the monthly bill.	\$750
Recyclist <i>2–3 per class</i>	Monitor the recycling bins and trash cans for appropriate deposits. Increase the school's awareness of the importance of recycling by creating signs and flyers.	\$750
Attendance Monitor <i>1 per class</i>	Take daily attendance and record absences. Report absences to the teacher. Provide students with make-up materials when they return to class. Students must have a strong attendance record to be considered as a candidate.	\$700
Clerk <i>2–3 per class</i>	Hand out papers to students. Hand out materials such as worksheets and textbooks. Collect papers or homework from students when asked. Organize the class supply shelves and keep them neat.	\$700
Tutor <i>As needed</i>	Provide one-on-one or small-group tutoring in subjects identified by teacher. Students must be high performers in the subject for which they are chosen.	\$700
Webmaster <i>1 per class</i>	Maintain and update class's/teacher's webpage. Respond to relevant inquiries. Post new information to page as directed by teacher.	\$700
Economist <i>1 per class</i>	Monitor spending habits and trends during the class auction. Report back to teacher and other students about the buying trends for the auction and how they compared to previous auctions.	\$650
Messenger <i>1–2 per class</i>	Deliver written or spoken messages to people throughout the building. Answer the class phone.	\$650
Visual Display Artist <i>2–3 per class</i>	Determine what type of information is presented on the class bulletin boards. Ensure class bulletin boards are updated with relevant class information. Decorate boards for class events, holidays, and other special occasions.	\$650

OTHER JOB-RELATED ITEMS:

- Consider allowing students to suggest their own jobs for which you would pay them.
- Students can create their own businesses within the classroom by applying for a business license.
- Decide whether you want to provide bonus money for extracurricular activities such as playing sports, participating in a club, or performing community service.
- You might want to offer some of your positions as part-time jobs and decrease the salaries. For example, perhaps the Visual Display Artists are only employed for part of the year, or the Webmaster only works on Mondays, Wednesdays, and Fridays.



TIPS:

- Consider creating jobs to match tasks you normally assign to students. For example, if you typically have a class pet, you might want to hire a Zookeeper to oversee its care.
- Avoid choosing jobs that will be difficult for you to teach or manage. In the classroom economy, the students should be able to perform their jobs without constant supervision. That way, they'll know that they have earned their pay—and they will have lessened the burden on the teacher, which is an additional goal of the program.
- Changing jobs quarterly or in the middle of the year is an option, but it could require a lot of retraining. If you decide to have the students change jobs, consider asking them to train each other.
- If some of your jobs will require a letter of recommendation, consider giving advance notice to your students' previous teachers. Let them know that they can recommend a student by contacting you in person or by email, phone, or letter. The primary purpose of the recommendation is to help you learn which students are capable of performing jobs with increased responsibilities. We believe that the prior-year teacher is the best person to provide that assessment.

RENT

The obligation to pay bills is central to the classroom economy. Here are the key concepts:

- Students' salaries should not quite cover their monthly rent. To make up the difference, they need to earn bonus money.
- Students who do not meet their rent payments should face some loss of privilege within the system.
- The electricity bill requires students to budget for additional expenses beyond rent.
- Those who make their payments and manage to save additional money should reap benefits.

RECOMMENDED

AMOUNT

Monthly rent	\$1,000
One-time desk purchase price	\$3,000

Electricity bills

You can choose whether to charge a flat \$150 per month for electricity or a rate of \$5 per day, which can be reduced through classroom conservation efforts.

For the daily usage process, we encourage you to hire an Electrician as one of your classroom jobs so that he or she can motivate the students to conserve energy and reduce the bill. Allow the Electrician to present ideas about how to reduce usage and thus reduce the cost by \$1 for each initiative (for example, turning out unneeded lights, reducing the number of bulbs in some fixtures, turning off computers when not in use). The Electrician keeps a log of the daily electricity use—from \$0 to \$5.

The daily usage process provides a framework for fruitful discussions about conservation and the environment.

Failure to pay bills

We recommend that students who miss a rent payment or an electricity bill be excluded from that month's auction. You may choose to have them forfeit other privileges, but please, remember that the program is designed to help students learn financial responsibility—it is not to punish them.

When students miss payments, it's important to get them back on track as soon as possible. You can take the missed payment as an opportunity for a discussion about making responsible choices, and then encourage the student to earn bonuses so that he or she can catch up on rent and get in on the Auction Day fun.

Successful saving

Students who make their rent payments and manage to save additional money can reap rewards:

- They get to be bidders on Auction Day.
- They can be recognized in front of their peers during the year-end wrap-up.
- Most temptingly, they have the chance to buy their desks outright and be forever free of rent.

BONUSES

In addition to the salaries that students earn from their jobs, they can earn bonus money by performing well academically and participating in extracurricular activities. Students need to earn bonuses to make rent and save up for the auction. In addition, bonuses can be useful incentives for your own class goals.

The following bonuses should be included if at all possible. The dollar amounts are simply suggestions.

ACTIVITY	BONUS AMOUNT
Earn 100% on a small test or quiz.	\$50
Earn 100% on a major test.	\$200
Earn 90% to 99% on any assignment.	\$100
Complete an outside reading assignment.	\$100
Get a compliment from another teacher.	\$200
Join in an extracurricular activity.	\$100



TIPS:

- You can offer bonuses for specific behavior you want to encourage, as well as for activities important to your school. For example, you might offer bonuses for coming to school early to get academic help, completing all homework assignments for the week, participating in a math competition or science fair, playing a sport, or joining the school orchestra. You can also offer bonuses to teams of students working together.
- With bonus money, it's far better to give away too much rather than too little. The more bonus opportunities you provide, the more often students will see their extra efforts rewarded. That means they'll be able to participate more fully in the classroom economy, and they'll enjoy it more.

FINES

In the classroom economy, the role of fines is to help students understand costs and consequences—it is not to punish them. The list of fines should be short and direct, matching your classroom priorities. Our list is an example.

RULE	TICKET AMOUNT
Dishonesty	\$500
Rudeness	\$100
Messy desk or locker	\$100
Missing work	\$50
Off-task behavior	\$50
Tardiness	\$50

Although the Fine Officers write tickets for fines, you control the process through an offense log. As you correct a student, you can mention that you're adding the violation to the log. Then, when Ticket Day comes, the Fine Officers write tickets based on the entries in your log. In this way you retain explicit authority over dealing with misbehavior.



TIPS:

- The list of behaviors that elicit fines should reflect your own standards. As an example, our list allots the steepest fine to dishonesty, reflecting a belief that truthfulness is an essential value for children to absorb.
- Make sure the fines you choose fit the culture of your school. For example, promptness may be difficult to enforce in your classroom if it is not a priority in your school.

LOANS

Loans are available to students through the Loan Officer. Interest for these loans will be front-end loaded. Therefore, there will be no accruing interest. If a student receives a loan for \$100 with 20% interest, he or she will have to pay back \$120 over a term. Here are the key concepts:

- Students have the option to take a loan from the Loan Officer.
- Students can take out a loan to receive money for things like rent or auction items.
- Students need to pay interest on the loan, as determined by the Loan Officer. We recommend 10% or 20%.
- Students pay installments to the Loan Officer over 1 to 3 months. The term is agreed to by the Loan Officer and the student.
- Students who do not meet loan minimum payments should face some loss of privilege within the system.

Loan Terms

- Principal — The amount borrowed on the loan.
- Interest — The amount that a lender (loan officer) charges for lending you money.
- Term — The length of time that the borrower has to pay back the loan.
- Fixed interest rate — The interest rate does not change for the term of the loan.
- Front load — The total interest to be paid is applied at the beginning of the loan.
- Minimum payment — Payment amount needed to keep the loan in good standing.



TIPS:

- Front load the loans so that students know what they need to pay when they apply for a loan.
- Keep the term to no longer than 3 months.
- Minimum payments should be equal monthly payments to satisfy paying the loan in full.
- We recommend that failure to make a loan payment on time will result in a student not being able to participate in the next auction. Although you may instead choose other privileges to be forfeited, remember that the program is designed to help students learn financial responsibility—it is not to punish them.
- When students miss loan payments, it's important to get them back on track as soon as possible. You can take missed payments as opportunities for discussion about choices, and then encourage students to earn bonuses to help catch up on loan payments and get in on the Auction Day fun.

PREPARING MATERIALS

Throughout the year, you will need classroom economy materials, such as money, banking paperwork, and handouts, for your students. You can download the materials or order printed copies for free. Gathering and preparing materials will take approximately 2 to 3 hours.

In addition to the materials we provide, you may wish to purchase or gather the following items.

SUPPLIES

No. 10 business envelopes so students can conveniently hold their cash.	<i>2 per student (1 is kept by the student and the other is kept by the student's Banker)</i>
Portfolio folders with clasps where students can store their bank logs and other materials.	<i>1 per student</i>
Cash drawer or box to serve as the Central Classroom Bank. Create one from a shoe box or use an item from an old board game, such as Monopoly.	<i>1 per class</i>
Popsicle sticks or paint stirrers for auction paddles.	<i>1 per student</i>
Sticky notes for convenience during auctions.	<i>1 slip per student per auction</i>
A clipboard where you can hold the offense log to keep track of fines.	<i>1 per class</i>
Items for students to purchase at auctions, such as toys, baked goods, or gift certificates.	<i>3–7 per auction</i>

Student folders

Put the following items in each student folder:

ITEM	QUANTITY
Job application	1
Rental agreement	1
Rent log	1
Electricity log	1
Bank log	1
Bank slips	4
Loan slips	2
Business license	4
Tax bill	4
Envelope	1

Loan Procedures

- Student determines if he or she would like to borrow money from the bank.
- Student would go to the Loan Officer to fill out a loan slip and agree on the interest rate and term.
- Student updates his or her bank log to include the transaction.
- Student goes to the Banker to retrieve the money.
- Once the student is ready to pay off some of the loan or the entire loan they will go to the loan office to obtain a signature, and go to the banker to withdraw money out of their account.

Offense log

We suggest keeping an offense log to keep track of students who disobey the rules. The Fine Officers can issue tickets based on what you write on the offense log. Using this system, the Fine Officers are involved, but you maintain the ultimate authority.

Central Classroom Box

Create a cash box with three slots, one for each denomination. This is where the Class Banker will monitor the classroom cash throughout the year. We recommend that each Banker only hold about \$2,000 in cash, and store the rest in the cash box.

Visual displays

When presenting and explaining the classroom economy to your students, we recommend using visual displays to aid their understanding. In particular, it is a good idea to display the jobs list, bonus money opportunities, and fines you will use in your classroom.

You may print and display our versions or create your own displays and presentations. Some suggestions include:

ITEM

Bulletin board

Posters (bonuses, fines)

Presentation



TIP:

- Print individual copies of display items and place them into each student's folder.

To start, print about \$7,000 in classroom economy cash:

PRINT CLASSROOM ECONOMY CASH

Denomination	Quantity
\$50 bills	42 (seven sheets)
\$100 bills	18 (three sheets)
\$500 bills	6 (one sheet)



TIP:

- Print the bills on colored paper.

Other materials

For the activities throughout the year, you will need the following materials:

ITEM	NEEDED FOR
Job offer letters	Job assignment
Business licenses	Throughout the year
Paychecks	Payday
Fine tickets	Ticket day
Unpaid bill notice	Bill day
Deed to desk	Bill day
Electricity bill	Bill day
Tax form	Tax day
Auction paddles	Auction
Auction record form	Auction
Certificates	Year-end wrap-up

In addition, keep extra cash, bank logs, and bank slips on hand.

ITEM
Bank logs
Bank slips
Cash

REWARDS

Auction prizes

Think ahead about items your students might like to purchase at the classroom auctions. Gather both tangible and intangible rewards.

Examples:

TANGIBLE

- Small toys.
- Sports balls.
- Pencils.
- Erasers.
- Fruit.
- Trophies.
- CDs/DVDs.
- Electronic video games.
- iTunes gift certificates.
- Coupons or gift certificates to local businesses.
- Movie tickets.
- Autographs.

INTANGIBLE

- Receive a free homework coupon.
- Get extra recess or computer time.
- Swap desks with the teacher for a day/week.
- Sit with a friend for a week/month.



TIPS:

- Get the community involved by asking local businesses or vendors to donate products. Use our sample donation request letter.
- Request autographs from local celebrities, such as the principal, a coach, the mayor, or business leaders. You can have your students write letters to ask for them.
- Actively involve parents in finding or contributing auction items.
- Involve your colleagues.

END-OF-YEAR REWARDS

In the year-end wrap-up, you could allow your students to pool their money and purchase a class reward, such as:

- A class party.
- A movie day.
- A crazy hat day.
- A field trip.

ADVANCED MODULES

Teachers who are comfortable with the classroom economy may want to include some of these additional modules to enhance the learning experience for their students. These are not recommended for teachers implementing the program for the first time. Be certain your students understand the underlying curriculum components before adding any of these modules.

Real estate investments

Taking property ownership a step further, allow students to purchase the deeds to other students' desks. In this situation, a student whose desk is purchased now pays the rent to a landlord instead of the bank. We recommend you insist the rent remain at the bank's original price so that students can't force students out of their desks by driving up the rent too high!

Inflation

After returning from a break in the school year (e.g., winter or spring break), raise the prices of students' desks based on inflation. You can also raise their salaries, but we suggest you raise the price of the desks more than any salary increase to stress the importance of saving and outpacing inflation. Depending on your students' math skills, you can make inflation a flat amount (e.g., \$50) or a percentage of the current economy (e.g., 3%).

Student auctions

Allow students to bring their own items to be sold at the auctions. Require those who do so to turn over a percentage of their total sales to the bank as a fee for the right to sell. For example, if the selling fee is 10%, a student who sells an item for \$1,000 at the auction will keep \$900 and pay \$100 to the bank. This helps students to understand vendor fees, which are common for internet commerce sites such as PayPal, eBay, and StubHub.

Disaster relief

Require students to pay a fixed amount (e.g., \$100) for disaster relief. This can be especially effective if you are studying disasters in science or social studies. For example, if you are studying hurricanes in science class, you can pretend there is a hurricane in your classroom and everyone must pay to fix the damage.

Emergency funds

Help students prepare for their future by establishing an emergency fund. Assist the students in determining their monthly expenses, and then encourage them to build a nest egg that is greater than or equal to that amount. The overall purpose of this module is to teach students the importance of saving in a liquid investment such as a bank savings account, so they are prepared for unexpected situations that can occur in life. By building an emergency fund, students will be prepared to pay their bills, even if they do not receive bonus money or if they lose their job. Keep in mind, anytime students use their emergency fund, they will have to devise a plan to replenish it.

Insurance

Require your students (or simply give them the option) to pay renters insurance on their desks. With the insurance, the students are given special benefits, such as being able to participate in the auction if they cannot pay the entire rent amount.

Interest

Allow students to accrue interest on money they keep at the bank. Have Bankers pay the interest monthly using a percentage.

Activities

FIRST DAY

On the first day of the program, you explain the rules and expectations of the classroom economy as you would with any classroom management system.

Preparation *60–90 minutes*

- Create student folders to be handed out at the start of class. (Items to include are listed in Preparing Materials in the Planning section.)
- Customize the visual displays of your jobs, bonuses, and fines lists (handouts, posters, bulletin-board items, etc.).

In class *1 class period*

Welcome the students and inform them that they'll be earning and spending money throughout the year. Pass out the student folders you created.

Use your visual displays as you explain these key concepts:

- Money is earned in two or three ways:
 - As a salary for completing a classroom job.
 - In bonus rewards for good achievements.
 - By creating your own business (optional for each student).
 - **Note:** Money can also be obtained through loans but they must be paid back with interest (optional).
- Money is spent in four ways:
 - Paying the monthly rent for the student's desk. The rent is \$1,000 per month (but desks can be purchased for a one-time payment of \$3,000).
 - Paying an electricity bill of \$150 a month (which can be reduced through the help of the Electrician).
 - Buying items or privileges at auctions, which are held approximately monthly.
 - Paying fines for not following classroom rules.
- Tell students to sign the rental agreement that they'll find in their student folders, symbolizing their entry into the program. Collect the signed forms, sign them yourself when you have time, and return them to the students to hold in their folders as a binding contract.
- Display the class job list and tell the students they need to apply for a job. Explain that they may not receive their first choice, so they need to list their top three selections on the job application.
 - Describe the individual jobs. Then give the students time to fill out the application. Remind them that some jobs require a letter of recommendation. Explain how they can ask for such a letter from a previous year's teacher.
 - Collect the job applications from all students. Set a deadline for receiving recommendations.

- Explain to students that they can earn additional money by establishing their own business. They can sell goods or services and be paid in classroom dollars. Examples could include cleaning the desks of other students, coaching in a specialty such as a musical instrument, or making and selling craft items such as origami. To establish a business, a student must complete a business license application and submit it to the teacher. Before granting approval, the teacher should define expectations, including conformance with school standards, and discuss realistic pricing and the handling of money earned.

Note: Students can submit their business license application on Job Assignment and Training Day or anytime thereafter.



TIP:

- If you like to include your students in creating class rules and policies, feel free to let them suggest additional bonus opportunities, fines, and auction items.

JOB ASSIGNMENT AND TRAINING DAY

Preparation *30 minutes*

Once you collect all the students' applications and any needed recommendations, take a few days to plan the job assignments. It's best to make the assignments in class about a week after the students apply.

- To simplify the assignment process, start with the least-requested jobs. For example, if only two students put "Messenger" on their applications, then you know immediately who your Messengers will be.
- Use the recommendations to help you decide on the Bankers. Because Bankers have such a critical role in the classroom economy, you'll want to be sure that each of them is qualified to handle the job.

For the Bankers and Fine Officers, you need to decide which students will be their "clients." They should be assigned four to six students each. (It's a good idea to use the same groups for each purpose, so that the same set of students would share a Fine Officer and a Banker.)

For each Fine Officer, prepare a folder listing the names of his or her clients. Put some blank fine tickets in the folder.

For each Banker, prepare a folder listing the clients' names and containing the following items:

- 1 envelope per client to hold that student's bank slips and checks.
- 1 additional envelope to hold cash.
- 1 bank log per client.
- 3 unpaid bill notices.
- 8 bank slips.

Prepare a simple job offer letter for each student. (Our template has blanks for the job title and the student's name.)

Finally, plan an assignment that students can work on quietly at their seats. While the class works, you'll be able to train small groups of students on their job responsibilities.

In class *30 minutes*

Inform the students that they'll receive their job assignments today and will start earning their salaries.

Deliver the job offer letters. Each student should sign the letter and place it in his or her folder.

Next, train students for their jobs:

- Help the class begin the assignment you prepared.
- Pull students aside for training according to their job titles (i.e., train the Bankers together, then the Fine Officers, then the Messengers, and so on). Take the students through each of their job responsibilities, giving them examples of what they would do.

Note: After you review the business license requests, we recommend meeting with the students individually to briefly discuss your expectations about how the business will be conducted in your classroom. You can do this at any convenient time over the next few weeks.

Here are tips for teaching three of the more complicated jobs.

Fine Officers:

- Show them where you will keep the offense log. Explain how they will check it on Ticket Day to see whether any of their clients have committed infractions.
- Show how to fill out a fine ticket.
- Explain that students will be bringing their fine money to the Fine Officers, and show the Officers where to put the returned fine tickets and cash.
- Show them how to update the offense log once a fine is paid.

Loan Officers:

- Explain that students will go to the Loan Officer and fill out a loan slip.
- Show the Loan Officer how to determine the interest rate. Then, students and Loan Officer will agree upon the term (Term: the length of time that the student has to pay back the loan).
- Explain to the Loan Officers how to log the information in their log book.
- Show that students will write the deposits in their bank log and go to the Banker to retrieve the deposit.
- Explain that when students are ready to pay off some of their loan or the entire loan, they will go to the Loan Officer to obtain a signature and then go to the Banker to withdraw money out of their account.
- The Loan Officer log will need to be created to keep loan records current.

Bankers:

- Explain to the Bankers that they will have a bank log and an envelope for each client, and that they should label these clearly with the students' names.
- Explain that the bank log they hold for each student should always match the student's own bank log. If the balances do not match, then the Banker and the client must work together to figure out why.
- Offer an example of a bank log showing entries for deposits, withdrawals, and balances. Explain how the Bankers will manage their logs by adding deposits and subtracting withdrawals.
- Explain that each Banker should keep about \$2,000 in cash on hand in case clients want to make withdrawals. Any extra cash should go into the classroom cash box, which you can show them.

Class Banker:

- Explain to the Class Banker that he or she will keep a log of all of the money that goes in and out of the classroom cash box, including withdrawals and deposits from the Bankers and the teacher.
- Explain how to use the Class Banker's log. Provide an example of a log showing entries for deposits, withdrawals, and balances.



TIP:

- If time allows, you may want to have all the students practice a bank transaction. For example, you could have each student deposit \$200, and then withdraw that \$200. (Afterward, you might let them keep the money as a bonus for good behavior.)

PAYDAY

Preparation 30–60 minutes

- Write a paycheck for each student, or ask the Clerks to write them.
- Make sure there is enough cash in the Central Classroom Bank for the bonuses you're awarding.
- Have extra bank slips and bank logs on hand in case students don't have them in their folders.

In class 30 minutes

On the first Payday, you'll need to explain how the process works. The steps are below.

1. The Clerks hand out the paychecks.
2. You distribute bonus money to students who have earned it. Use the honor system when appropriate (e.g., you might ask, "Who participated in the school chorus this month?" and reward those who raise their hands).
3. Each student completes a bank slip.
4. Each student updates his or her bank log with the amount of the paycheck and any bonus money received.
5. The student takes the paycheck and the bonus cash (if any) to the Banker.
6. The Banker updates his or her copy of the student's bank log.
7. The Banker places the paycheck in the paycheck envelope within the banking folder.



TIP:

- Each Banker should keep about \$2,000 in the bank folder at all times. The Banker should deposit any additional cash in the Central Classroom Bank through the Class Banker.

GETTING AND PAYING FINES

On Ticket Day, students must pay the fines that have been assessed since the last Ticket Day.

Preparation *30 minutes*

- Have extra bank slips and bank logs on hand in case students run out.
- Have extra blank fine slips in case Fine Officers need them.
- Make sure the offense log is ready for the Fine Officers to check.

In class *30 minutes*

On the first Ticket Day, explain that students who were fined for violating class rules over the past month need to pay up now. They'll have to withdraw the money from their bank accounts.

Fine procedures

1. Fine Officers examine the offense log, write tickets, and give them to the students being fined. Each student receiving a ticket fills out a bank slip to make a withdrawal.
2. The student also enters the withdrawal in his or her bank log.
3. The Banker updates a copy of the student's bank log, puts the bank slip in the student's envelope, and hands over the cash.
4. The student brings the cash and ticket to the Fine Officer. The Fine Officer marks the ticket paid and delivers it to the teacher along with the cash.
5. The Fine Officer writes in the offense log that the fine was paid.

BILL DAY

Preparation *30 minutes*

- A rental agreement, an electricity log, and a rent log should already be in each student's folder. Make sure each Banker has copies of the unpaid bill notice.
- Have extra bank slips and bank logs on hand in case they are needed.
- Have deeds available in case someone is ready to purchase a desk.
- For the first Bill Day, prepare to explain the process to the class.

In class *30 minutes*

On the first Bill Day, explain to the students that paying bills is one of their most important financial responsibilities. It's so important that, unless they pay their bills, they won't be allowed to participate in Auction Day.

Emphasize the importance of planning and watching their spending so they'll always have the rent money ready when it's due.

Remind the students that they can escape rent payments altogether if they can save \$3,000 to buy the deed to their desk. Strongly encourage them to do this.

Allow the Electrician to report on electricity usage and provide suggestions about how to lower next month's bill.

Also, remind the students that they will need to pay taxes in April and should consider setting money aside to prepare for this. You can encourage them to earn tax deductions by making charitable gifts. Suggest that they review the tax document you placed in their folders at the beginning of the year and keep track of their charitable contributions throughout the year.

Bill procedures

1. The Electrician announces the usage bill.
2. Each student updates his or her bank log to show the withdrawal of rent and electricity money.
3. The student takes the bank log, electricity log, and rent log to the Banker.
4. The Banker updates his or her copy of the student's bank log, and writes "Paid" in the student's rent and electricity logs.
5. If the student cannot pay the month's bills, the Banker fills out an unpaid bill notice and puts it on the teacher's desk. Once the student manages to make the payment, the Banker will update the student's rent log or electricity log, or both, noting the date.

On each subsequent Bill Day, ask if anyone can purchase his or her desk that month. If a student can do so, celebrate him or her and make a show of handing over the deed.

A student who buys a desk takes the \$3,000 to his or her Banker along with the deed (not the rent log). The Banker marks the student's rental account "Paid in full."

Follow-up Discussion

Paying bills is a strong indicator that students are succeeding in the classroom economy program. If a student can't pay bills, it is important to get him or her back on track as soon as possible. The unpaid bill notice is a mechanism to keep you informed about students who fall behind so you can reach out to them. You can encourage these children to participate in more activities so they'll earn enough bonus money to catch up on bills and get in on the Auction Day fun.

TAX DAY

Students are required to pay income taxes on or around April 15. We suggest taxing them at a flat rate. You should also give students tax deductions for charitable contributions. For example, students who donate items for the auction or who perform community service could receive a deduction of \$100 for each contribution.

Under the flat-rate system, students pay \$500 in yearly income tax unless they receive deductions. The tax form in each student's folder should hold a log of any reductions he or she has earned throughout the year.

In class *30 minutes*

Introducing taxes

Explain to students that federal income taxes are collected by the U.S. government to help pay for national programs such as the court system, the military, interstate highways, and all the hundreds of other services that Americans use. Similarly, in the classroom economy, taxes are collected to pay for students' salaries.

Tax day procedures

1. Each student completes the tax form to determine the amount of taxes he or she owes.
2. The student enters that amount as a withdrawal in his or her bank log.
3. The student takes the bank log and tax form to the Banker to verify the amounts.
4. The Banker verifies the tax amount and makes sure the bank logs match.

THE AUCTION

The auction is an important component of the classroom economy. It lets the students reward themselves for working diligently to earn money. From a learning perspective, it links directly to the concept of supply and demand, and students quickly discover how impulse buying can shrink a bank account. In addition, children look forward to the auction because it is fun.

Preparation *15–30 minutes*

First Auction Day

Make sure each student will have an auction paddle or another way to bid. If you wish, you can use our auction paddle template to create your own paddles or to have the students make their own.

Every Auction Day

- Make sure you have an auction record form and extra bank slips ready.
- Gather the items for sale and set a starting bid level for each one based on its appeal. A starting level around \$500 should work for many items.
- On the morning of the auction, display the items so students can preview the goods.
- Identify the Auctioneer (either yourself or a volunteer student), who will announce the items and their starting bids. Also select an Assistant Auctioneer, who will document each sale; if you wish, this could be one of the Clerks. Review the auction procedures with the Auctioneer and Assistant.

In class *15–30 minutes*

Introducing the auction

Explain that students can only spend the amount of money they have in their bank accounts, and that they're not required to purchase anything. This is a good time to reinforce the importance of saving, and to remind the students that they have the ability to buy the deed to their desks and thus escape rent payments forever.

It's also important to emphasize that an auction bid is a binding contract, and there's no going back on it, even if they later wish that they hadn't spent the money.

If necessary, explain the auction procedures before beginning the auction.

Auction procedures

Before the auction starts, allow students to quickly confirm their bank logs with the Bankers so everyone knows what he or she can spend.

1. The Auctioneer displays the first item, explains what it is, and opens the bidding at the assigned price. Example: "We have an Ultimate Frisbee disc. The starting price is \$500. Do I have any takers?"
2. Students who want the item raise their paddles.
3. Once a paddle is up, the Auctioneer acknowledges the bid and asks if anyone will go for a higher price. Example: "[Student name] for \$500. Do I hear \$600?"
4. The Auctioneer repeats this process until bidding stops. The last bidder wins the item. Example: "[Student Name] for \$1,500. Any more bidders? ...Going once, going twice, sold!"
5. The Assistant Auctioneer enters the sale on the auction record form.
6. The Auctioneer moves on to the next item.

Collecting payments

After the auction, each winning bidder needs to withdraw cash from the bank to pay for items bought. Do not give an item to the student until you receive the cash.

At this point some students may decide they bid too much and no longer want the item they won. It is very important that you require them to purchase it anyway. The auction is a vital tool in teaching the lesson of buyer's remorse.

1. Fill in a bank slip with the amount needed to cover the auction payment.
2. Update his or her bank log.
3. Bring the bank slip to the Banker and receive the cash.
4. Bring the cash to you and exchange it for the item.

Follow-Up Discussion *15–30 minutes*

After an auction, some students will feel overwhelmed because they got caught up in the action and spent most or all of their money. This can be a tremendous learning opportunity.

You could use some of the following questions to guide a discussion:

- What made you keep bidding even when the price was getting so high?
- How do you feel now about the item you bought? Was it worth it?
- What concerns do you have about the amount of money you spent?
- How will you go about rebuilding your savings?
- Will you be able to make rent the next time it is due?
- Will you change the way you bid at the next auction?

YEAR-END WRAP-UP

Plan a time near the end of the year for students to reflect on what they have learned in the program and for you to tie everything together.

It is also a time to celebrate the students' successes and reward them for their hard work.

Certificates

Students who managed to save a significant amount during the year should be rewarded. We recommend passing out certificates to those who met these thresholds:

- Saver: \$1,000
- Super Saver: \$5,000
- Ultimate Saver: \$10,000

Debriefing session

Hold a discussion with your students to reinforce what they have learned.

Here are some questions you can ask to guide the discussion:

- What did you learn from the classroom economy this year?
- Why do you think those lessons were important?
- What would you do differently if you could (e.g., how could you become an Ultimate Saver next time)?
- What was your favorite part of the classroom economy?

Class rewards

Allow students to pool their classroom money and purchase a class reward, such as:

- Hold a class party.
- Watch a movie in class.
- Wear a hat in class.
- Hold a class outdoors.

Please email support@myclassroomeconomy.org if you have any questions, and an MCE team member will be pleased to respond.