

Lesson 1: Budget Basics

BIG IDEA:

A budget is a financial plan that shows the breakdown of money to be received and spent for a specific period. Budgets are important planning documents that are used by individuals, businesses, organizations and governments to ensure financial management, and that help outline priorities and achieve long-term goals.

LEARNING GOALS:

Upon completion of the lesson, students will be able to:

- Demonstrate critical thinking skills about spending choices and financial well-being;
- Take positions regarding personal and public financial decisions;
- Identify the key concepts that are associated with budgeting and understand why it's important;
- Identify the Government of Québec's main expenses and sources of revenue; and
- Understand what a government pre-budget consultation is and why citizens should participate.

RESOURCES:

- Activity Sheet 1.1: Personal Budget Plan
- Handout 1.2: Financial Profiles
- Handout 1.3: Expense Cheat Sheet
- Activity Sheet 1.4: Budget Basics
- Video: "Introduction to the Québec Student Budget Consultation" (2:02)
- *Budget Basics* videos (animated videos explaining the provincial budget process)
 - Video 1: An Overview of Government Budgets (1:40)
 - Video 2: The Québec Government's Expenditures (1:51)
 - Video 3: The Québec Government's Revenues (1:51)
- Slide Deck A: Budget Basics
- Slide Deck B: The Québec Government's Expenditures
- Slide Deck C: The Québec Government's Revenues

Teacher Note: The videos and slide decks contain similar information so it is not necessary to use all of these resources.

ACTIVITIES:

Hook: 25-30 min

1. Introduce the concept of budgeting. Ask students if they plan in advance how they spend their money or if they ever had to create a plan for a large sum of money.
2. Divide students into groups and provide each member with a copy of the Personal Budget Plan (Activity Sheet 1.1) and one of the Financial Profiles (Handout 1.2).
3. Using an overhead projector or Smartboard, take students through an example of how to use the Personal Budget Plan (Activity Sheet 1.1).

Teacher Note: It might be helpful to use the provincial estimates (Handout 1.3) to provide students with a more realistic sense of potential expenses.

4. Using the profile assigned, give students time to individually plan out monthly expenses according to the money they have to work with for their scenario. While some expenses are fixed, others will be left for students to decide upon.
5. Have each group debrief on their budget plans and share their spending choices. Afterwards have each group try to come up with budget plan they can all agree on.

6. Debrief on the activity as a class using the following guiding questions:

- Was it challenging to budget your money? Why or why not?
- Did you end up having enough money each month? Were you able to save money or would you have to borrow money to meet your wants/needs?
- Was it easy to agree on a group budget? Why or why not?
- How were student priorities different? How were they the same?
- What did you learn through the process?

Background: 5-10 min

Guiding questions: What is a budget? Who does the provincial government consult with while preparing its budget? What is the Québec Student Budget Consultation?

Watch the *'Introduction to the Québec Student Budget Consultation'* video with host Maya Johnston.

Additional notes:

- Budgets are an important part of the financial management process for individuals, businesses, organizations and governments. Budgets can help keep expenses on track and support effective decision-making for spending and investments, as well as saving or borrowing money.
- As part of the budgeting process, governments of all levels consult citizens, stakeholders, opposition parties and economists each year to get their views and recommendations about government spending priorities, revenue adjustments and how best to support the economy.
- In Québec, the Ministry of Finance hosts pre-budget consultations with citizens and stakeholders through in-person meetings, written submissions, online questionnaires and town halls (both virtual and public) to reach a broad audience throughout the province.
- Young Quebecers have been invited to take part in the Québec Student Budget Consultation, a program coordinated by CIVIX-Québec.

Getting Into It: 15-30 min

Guiding questions: What are the key concepts in budgeting? What are the government's main revenues and expenditures?

1. Using Video 1 ('An Overview of Government Budgets') and/or Slide Deck A, provide an overview of the following key budget terms and their relevance at the provincial level of government:

- **Budget:** a financial plan for a specific period which projects revenues and expenses;
- **Income/Revenue:** 'money in', money received, money earned;
- **Expenses/Expenditures:** 'money out', money spent, costs, payment for goods or services;
- **Surplus:** excess, when you have more revenues than expenses, a positive fiscal balance;
- **Deficit:** lack of money, when you have more expenses than revenues, a negative fiscal balance, budget shortfall; and
- **Debt:** the amount you have borrowed over time and need to repay, an accumulation of months or years of a deficit, an amount of borrowings.

2. Using Video 2 ('The Québec Government's Expenditures') and/or Slide Deck B, provide a summary of the Government of Québec's expenditures:

- **Mission expenditures** (operating expenses for government portfolios that provide services and programs); and
- **Debt service expenditures** (debt charges on the amount of total borrowings).

3. Using Video 3 ('The Québec Government's Revenues') and/or Slide Deck C, provide a summary of the Government of Québec's revenue sources:

- **Taxes** (personal, corporate, QST, other taxes);

- **Government enterprises** (investments, sale of goods and services, crown corporations); and
- **Federal transfers** (Canada Health Transfer, Canada Social Transfer and Equalization Payments from the federal government).

4. For homework or in-class, assign Budget Basics (Activity Sheet 1.4) to review the key terms and concepts from the three videos.

Consolidation: 5-10 min

Have a closing discussion about the Student Budget Consultation. Alternatively, ask students to prepare a written reflection.

- Why do you think budgeting is important?
- Do you think it is important for you to care about the provincial budget?
- Why should the government be consulting with youth about the budget or any other public policy?
- What would be the consequences if people or governments failed to budget?

EXTENSION ACTIVITIES:

A. In recent months, several Canadian provinces have debated an **increase to the minimum wage**. In Ontario, the minimum was increased to \$14/hour (up from \$11.60) in January 2018 and will rise again to \$15 in 2019. The Québec government plans to raise the minimum wage to \$12 on May 1st, 2018. There are many opinions on this topic, with some strongly in favour and others strongly opposed. While a higher minimum wage would increase earnings and reduce income disparity, costs to business owners would be higher.

Ask students to research the topic and read news articles on the issue. Stage a mock debate in class, assigned to one group of students to be in favour of the increase and the other group opposed. How would they argue their side of the issue?

Debrief: Do you think the minimum wage is an important issue? What is the impact of the minimum wage on young Quebecers, as well as on society and the economy?

Recommended articles :

- [“Quebec’s minimum wage to increase to \\$12 in May,” CBC News \(January 17, 2018\)](#)
- [“Fight for \\$15’ activists say Quebec minimum wage increase of 50 cents is not enough,” Montreal Gazette \(May 1, 2017\)](#)
- [“Ontario’s \\$15 an hour minimum wage not coming to Quebec any time soon,” CBC News \(May 30, 2017\)](#)
- [“The inconvenient truths of the \\$15 minimum wage : Business can’t just ‘make more money’,” National Post, \(January 9, 2018\)](#)
- [“When student loans step on your dreams,” Globe and Mail \(March 14, 2017\)](#)
- [“Here’s the state of student debt in Canada,” Vice News \(January 27, 2017\)](#)

B. The 2017-2018 **Québec provincial budget** was delivered on March 28, 2017 by Minister of Finance Carlos Leitão. Using a variety of sources, ask students to look back to news articles and media reports to see how the budget was reviewed. What praise or criticism do you agree with? What policies from last year’s budget do you think will most impact your family, or your community? Did you follow news coverage of the budget at the time?

Recommended articles:

- [“Quebec budget 2017: What it means for your wallet,” CBC News \(March 28, 2017\)](#)
- [“Quebec 2017-19 budgets highlights,” Montreal Gazette \(March 29, 2017\)](#)
- [“Analysis : Quebec’s 2017 budget is designed to score votes,” Montreal Gazette \(March 28, 2016\)](#)

C. The **personal debt rate of Quebecers** has grown significantly over the past few years. In 2017, a study found that the average Québec resident owed approximately \$1.55 for every dollar they earned. Between 2000-20015, the average household debt has increased by 90 percent to \$90,000. While some media present the risk to household finances as drastic, others are more reluctant to do so.

Share news articles about the issue of household debt, and discuss the potential impact on Québec's economy.

Guiding questions: Do you believe that the financial situation of Québec households is potentially catastrophic? Should there be a set limit for the amount of money that households are allowed to borrow? Why do you think the debt rate has increased over the past few years?

Recommended articles:

- ["One in three Canadians say they are unable to cover monthly bills as rate hike looms," *Montreal Gazette* \(January 15, 2018\)](#)
- ["The average Canadian owes \\$8,500 in consumer debt, excluding their mortgage: Ipsos poll," *Global News* \(December 29, 2017\)](#)
- ["Canada's debt-to-household-income ratio hits record in third quarter," *CTV News* \(December 14, 2017\)](#)
- ["Canadian Household Debt Hits Record High As Net Worth Declines," *Huffington Post* \(December 14, 2018\)](#)
- ["Canadian households lead the world in terms of debt: OECD," *CBC News* \(November 23, 2017\)](#)

D. **Guaranteed minimum income** is a social welfare provision that guarantees that all citizens or families have an income sufficient to live on. In some jurisdictions, this is provided without any conditions or stipulations. Some Canadian jurisdictions have begun experimenting with guaranteed minimum incomes. Some see minimum income programs as a good way to help people meet their basic needs without the negative stigmas associated with public assistance. Critics, however, argue that such a program could disincentivize some people from looking for work.

Guiding questions: Do you support the idea of a guaranteed minimum income for Quebecers? How would it impact your family? Do you think it would make you or your friends less likely to pursue a career?

Recommended articles:

- ["Quebec expert panel proposes welfare boost, but stops short of minimum income," *Montreal Gazette* \(November 13, 2017\)](#)
- ["'You're either in or out': Quebec's plan to fight poverty neglects many, critics say," *CBC News* \(December 16, 2018\)](#)
- ["Quebec to offer basic income for 84,000 people unable to work," *CBC News* \(December 10, 2017\)](#)
- ["Guaranteed minimum income just 'inspiration' in new Quebec government report," *CBC News* \(November 13, 2017\)](#)
- ["\\$15 minimum wage would help women climb out poverty, Quebec activists say," *CBC News* \(December 12, 2017\)](#)

E. A recent survey of **"financial guilty pleasures"** cited that eating out was the most popular personal indulgence for Canadians. In fact, 72 per cent of individuals dine out, and 71 per cent order takeout, more than a few times a month – this adds up to about \$200 per person per month. This marks a major shift from past generations, where eating out was less common and even considered 'frivolous.' Additionally, the book *The Québec Code*, written by Jean-Marc Léger, shows that the average Quebecer spends more than other Canadians on pleasures such as luxury food products and alcohol.

Guiding questions: is it irresponsible to spend money on something that may not be necessary, if it brings you happiness? Other examples could include movies, video games, concert and sports tickets and vacations. Should Quebecers put their 'needs' before their 'wants', and instead focus on saving for essentials? To what extent should there be a balance?

Recommended articles:

- [Canada's Biggest Guilty Pleasure Is Eating Out: Survey](#), Huffpost (October 18, 2017)
- [Canadians Are Spending Big on Their Financial "Guilty Pleasures"](#), NewsWire (October 11, 2017)
- [Eating out is the top financial indulgence for most Canadians](#), The Globe and Mail (October 16, 2017)
- [Annual food bill for Canadian family expected to rise by \\$348 in 2018: study](#), CTV News (December 13, 2017)
- [Canadians are splurging on 'guilty pleasures,' and it's adding up: survey](#), Global News (October 11, 2017)

F. Students are facing increasing amounts of **debt** following post-secondary education. According to a report of *Aide financière aux études* called *Statistiques*, the average post-secondary student will leave school with \$11,125 in debt. In some cases, it will take more than seven years to pay off this debt – with some students requiring significantly longer. This has serious social and economic implications, as young people will likely delay buying a home and starting a family due to debt payments and interest. It will also impact general spending habits, which influence the economy.

Distribute various news articles to students about the issue of growing student debt. Have students read and summarize the information and present it to the class.

Debrief: Do you think student debt is an important issue? What is the impact of student debt on young Quebecers, as well as on society and the economy?

Recommended articles:

- ["77% of Canadian graduates have regrets about student debt: poll," Global News \(September 20, 2017\)](#)
- ["Record-level student debt contributing to Canada's debt crisis: report," The Telegram \(April 26, 2017\)](#)
- ["The number of young Canadians going bankrupt is rising — but student debt isn't the whole story," Global News \(March 27, 2017\)](#)
- ["When student loans step on your dreams," Globe and Mail \(March 14, 2017\)](#)
- ["Here's the state of student debt in Canada," Vice News \(January 27, 2017\)](#)
- ["Dettes d'études : que faire lorsqu'on ne peut pas payer", Le Journal de Montréal, \(27 août 2015\) - \(in french only\)](#)

G. It is common for politicians of all levels of government to emphasize the importance of job creation. This issue has become more complex over the past few years, with some regions experiencing significant **shortages in employees** for the jobs that are available. Many young people are leaving their hometowns, often in rural areas of the province, in favour of urban centers (big cities). This can lead to higher wages for the transplanted workers, but create problems for the employers who are left unable to fill their open positions.

Distribute various news articles to students about the issue of unemployment. Have students read and summarize the information and present it to the class.

Guiding questions: Do you believe that lack of manpower a problem in Québec? Is it an issue in your community? What measures should be the taken in order to solve this problem? What should be the role of government in finding solutions? Are you planning to leave where you live in order to find a job in another city?

Recommended articles:

- [“Fast-food restaurants closing as Quebec unemployment rate nears all-time low,” CBC News \(September 21, 2017\)](#)
- [“Montreal’s unemployment rate hits lowest level in a decade,” Montreal Gazette \(August 4 2017\)](#)
- [“Montreal has one of the highest unemployment rates in Canada : report,” Montreal Gazette \(September 4, 2017\)](#)
- [“Salary increases in Quebec the highest in Canada : survey,” Montreal Gazette \(August 9, 2017\)](#)
- [“Quebec is struggling to find enough workers. Yet employers aren’t offering to pay more,” National Post \(December 18, 2017\)](#)

H. The continuous improvement of technology has revolutionized the work world. The era of typists is now a thing of the past. The more time goes by, technology is becoming increasingly important in the daily live. More than 4 billion people all over the world use internet. It is increasingly important that today's youth are ready to face these changes. Some actors believe that State should be at the forefront of training today's youth.

Give students articles on digital and modernization and ask them the following questions:

What is the government’s role in the technological revolution? Should the government teach coding to students, why? How can Quebec become a leader in technology?

- [Montreal school board launches computer programming, robotics for kids, CTV News \(January 27, 2018\)](#)
- [Hooked on robotics: EMSB introduces students to computer programming, News Montreal \(January 26, 2018\)](#)
- [Programmers of tomorrow: EMSB students get hands-on robotics, AI training, CBC News \(January 26, 2018\)](#)
- [Federal government giving young Canadians in the Montréal area the digital skills needed for future jobs, BLOG, Canada NewsWire \(January 24, 2018\)](#)
- [Meet the interactive robot making a mark on Quebec's classrooms, CBC News \(May 21, 2017\)](#)

ADDITIONAL RESOURCES:

- Quebec Student Budget Consultation website – <http://budgetconsultation.quebec/>
- [Dollars and \(smart\) sense : Whu every Canadian child needs to be financially literate, The globe and mail, \(February 6th, 2018\)](#)
- [Finances Québec](#)