

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" with Raquel Fletcher (1:53)
- *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 make a plan for how they would save or spend 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 same Financial Profiles (Handout 1.2).
3. Prior to the activity, 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 'Expense Cheat Sheet' (Handout 1.3) to provide students with a more realistic sense of potential expenses.

4. Using the 'Financial Profile' assigned, students should individually plan their 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. Afterwards, have students share their spending choices within their groups. Then 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?
- Did you had the same priorities as your teammates?
- Why is it important to budget? What are the possible consequences if you do not budget your money?

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 Raquel Fletcher.

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.
- Some budget are participative like in Rimouski, Matane, Boisbriand and in some boroughs of Montreal. In 2019, the borough of Mercier-Hochelaga-Maisonneuve will let citizens decide 3% of its budget (\$350 000) in order to support some of its citizens' initiative. Participative budgeting give opportunities to citizens to initiate some projects on their own.
- 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 from all over Quebec have been invited to take part in the Québec Student Budget Consultation, a program coordinated by CIVIX-Québec. Almost 3000 students from a 100 schools took part in this program last year.

Getting Into It: 15-30 min

Guiding questions: What are the key concepts in budgeting? What are the Quebec 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:** deficiency, 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

4. Ask students to fill out in the classroom or as a homework, the Activity Sheet 1.4 to summarize key information from the videos and draw connections to their own life. Students can review the videos and slide decks, or seek out additional sources.

- In your own words, write a definition for **budget**
- Would you rather have a **surplus** or a **deficit**? Why?
- Explain the terms **deficit** and **debt**, and how they relate to each other.
- Describe the different types of **transfer payments** and provide examples for each.
- Select three government departments or programs and explain how they relate to or directly affect your life
- Identify two ways in which the Québec's government collects revenue and draw connections to you or your family.
- If you were Québec's Minister of Finance, and you realized you did not have enough revenue, what would you do ? Why?

Consolidation: 5-10 min

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

- 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?

EXTENSION ACTIVITIES:

A. **Québec's education sector** is facing major challenges. According to Statistics Canada, Québec teachers are the lowest paid in Canada while Québec ranks eighth in all provinces in terms of investment in education. However, more and more popular in the public arena are discussion of the student dropout rate, availability and functionality of student services, and Québec's school tax for property owners.

The new Québec government attests that education is a central priority. They have made varying commitments to action which they believe will improve Québec's education sector. Invigoration and renovating school infrastructure, turning school boards into service centres, and investing in enrolling 4 year olds into preschool are some of their promised initiatives.

Ask students to research the topic and read news articles on the issue. Ask the following questions to your students.

Guiding questions:

Do you think investing in education is a priority? If so, what measures should be put in place by the government? Have you noticed any changes or problems in your schooling? What would you like to see change?

Recommended articles:

- [Quebec government pushes on with plan to enroll 4-year-olds in preschool,” *Global*, \(February 14, 2019\)](#)
- [Quebec bill to establish single school tax rate could mean \\$700-million break for homeowners,” Fletcher, Raguél. *Global*, \(December 6, 2018\)](#)
- [CAQ and English schools group dig heels in over plans to abolish boards,” *CTV Montreal*, \(November 29, 2018\)](#)
- [More Quebec high-schoolers reporting anxiety, learning challenges: study, *Montreal gazette*, \(December 5, 2018\)](#)
- [Schools cancel educational field trips due to confusion over new rule on school fees, *CBC news*, \(June 25 2018\)](#)

B. 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 was promised to be raised again to \$15 in 2019. However, the newly elected government stopped the additional minimum wage increase judging that this hike could be harmful for Ontario’s economy.

The Québec government plans to raise the minimum wage to \$12.50 on May 1st, 2019. There are many opinions on whether the minimum wage should be higher (15\$) or not. Some people are 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 to raise hourly minimum wage by 50 cents to \\$12.50 on May 1,” *National Post*, \(January 30, 2019\)](#)
- [“Unions, community organizations push for minimum wage increase in Quebec,” *Global*, \(December 2, 2018\)](#)
- [Independent-business group doesn’t want \\$15 minimum wage in Quebec, fears job losses in Ontario, *Montreal Gazette*, \(January 2, 2018\)](#)
- [“Ontario government freezes minimum wage hike as part of labour reforms rollback,” *Global*, \(October 23, 2018\).](#)
- [“Opening for Business by Selling Out Workers: Doug Ford’s Bill 47,” Bleyer, Gabe. *Mcgill Journal of Political Studies*. \(November 6, 2018\)](#)

C. **Environmental issues**, especially climate change, are the subject of much debate since the 2018 provincial election. Climate change experts and civil society call for a shift to renewable energy and environmentally conscious policies. The new government, meanwhile, is planning several projects within its budget that have

an impact on greenhouse gas emissions as well as the economic growth of the province, including public transit, highways, urban sprawl, oil and gas development, hydraulic fracturing, and hydroelectric dams.

Recommended articles:

- [Here are the priorities of Quebec's new CAQ government](#), *CBC* (October 1, 2018)
- [Quebec's leading parties score lowest on environmental report card](#), *CBC* (September 11, 2018)
- [Quebec to ban shale fracking, limit oil-and-gas exploration](#), *Global News* (June 6, 2018)
- [Opinion: Quebec is making a mistake on fracking and natural gas](#), *Montreal Gazette* (June 27, 2018)
- [Montreal's sprawl is 'shocking' urban planners](#), *The Globe and Mail* (July 25, 2018)
- [Activists confident François Legault gets message on climate change](#), *Montreal Gazette* (November 9, 2018)
- [Allison Hanes: In Quebec, the war on cars is the war on climate change](#), *Montreal Gazette* (November 29, 2018)

Activity

Next to each of the following environmental problems write a solutions that you think could help fix the issue.

Environmental Problems	Solutions
Water pollution	
Rise of CO2 emissions	
Air pollution/ smog	
Contaminated Sites	
Terrestrial habitat degradation/loss	
Species at risk	

D. Healthcare services takes a very large part of the provincial budget. Despite all the money that is invested, these services face many problems including: lack of family doctors, waiting time in the emergency room, inadequate number of nurses and healthcare professionals, increase demand for senior services, or underfunding of mental healthcare. Among the services that are covered by the public health system, there are problems of quality and accessibility. Other services such as dental care, vision care, medications, or mental healthcare are partially or completely paid for by patients, putting them out of reach for many people without private insurance.

Questions: Which healthcare services should be covered by the public system? What should the government's priorities be in terms of healthcare?

- [Quebec election: Health care is No. 1 voter issue](#), *Montreal Gazette* (September 17, 2018)
- [New study says Quebec needs more doctors, as opposition smells blood in health sector](#), *National Post* (March 14, 2018)
- [Group of doctors say Quebec children are over medicated](#), *CJAD* (January 31, 2019)
- [Quebec Has Worst ER Wait Times In The Western World: Report](#), *Huffington Post* (March 6, 2016)
- [Quebec health minister wants to give nurse practitioners more power](#), *CBC News*, (February, 18 2019)
- [Quebec premier considers hiring more nurse practitioners](#), *Global News* (May 18, 2018)
- [Lack of mental-health services a growing problem in Quebec: activists](#), *Montreal Gazette* (October 9, 2017)
- [Group pushing mental health awareness during Quebec election](#), *CTV Montreal* (September 10, 2018)
- [Majority of Quebec optometrists say they are leaving public healthcare system](#), *CBC* (February 7, 2018)
- [Time to revamp Quebec's public dental plan, critics say](#), *CBC* (August 1st, 2018)

E. 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. An increase of the total number of migrants won't solve itself the province's labour shortage problem since many immigrants are facing the problem of diploma's recognition.

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)

F The **personal debt rate of Quebecers** has grown significantly over the past few years. Canada's household debt-to-income have been at its highest in the last ten 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* \(January 15, 2018\)](#)
- [Canada's household debt-to-income ratio still near record despite rising rates, *Global News*, \(December 14, 2018\)](#)
- [Homeowners worried about paying down debt as interest rates go up, *CBC News*, \(October 22 2018\)](#)
- [“The average Canadian owes \\$8,500 in consumer debt, excluding their mortgage: Ipsos poll,” *Global News* \(December 29, 2017\)](#)
- [Canadians' household debt burden creeps higher, *Montreal Gazette*, \(December 14 2018\)](#)
- [46% of Canadians \\$200 or less away from not being able to pay their bills, *Global News*, \(January 21 2019\)](#)

G. 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*, \(27 août 2015\) - \(in french only\)](#)

ADDITIONAL RESOURCES:

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