

Financing Schools and Life: Tax Worksheet & Financial Planning Worksheet

PURPOSE:

The purpose of this activity is multifaceted. It is my goal that, through this activity, you come to a better understanding of:

- a) how schools are funded through property taxes;
- b) how district funding (and thus school funding) varies depending upon property values;
- c) how students receive different opportunities based upon socioeconomic status;
- d) how school 'choice' is, at least for the lower end of the American economic sector, no choice at all;
- e) how income makes a difference in education and opportunity (for parents and for children) outside of school;
- f) how parents' choices for their children are often very limited (to work, use daycare, send their children to private schools, etc.)
- g) how the economics of home ownership plays into wealth, savings, and opportunities;
- h) how balancing a checkbook and saving money—after life's expenses—is no easy task (and is a task that is exponentially harder the less wealth one has).

DIRECTIONS:

Please follow the directions below and ask questions about any problems you encounter.

- 1) Choose (or be assigned) a lifestyle
 - a. married
 - b. single/divorced
 - c. same sex partnership
- 2) Choose (or be assigned) an appropriate partner
- 3) Choose number of children you have (0-6 depending upon your particular context)
- 4) Choose (or be assigned) to one of three economic groups based upon family income (low, middle, upper class)
 - a. Within that group, determine as realistically as possible your family's income (based upon location, potential jobs, national and local economy)
 - b. Determine the purchase price of your home (if applicable) to be within three to five times your gross annual income
- 5) Use this information to fill out the attached sheet per its directions
- 6) MAKE SURE that, at the end of the worksheet, you are **not** seriously 'in the red' (in a deficit). If you find yourself seriously in debt, go back and make appropriate changes. Make note of where, how and why you had to make changes. Be prepared to report your findings to the instructor and class for a whole-class comparison.

CAVEAT:

The financial worksheet attached is not meant to be fully representative of the current tax structure nor is it intended to portray with 100% accuracy such issues as a mortgage, insurance, or the myriad other issues that our financial lives complicated. Rather, it was designed to highlight the issues above. Similarly, it was not my intent when creating this activity to perpetuate stereotypes.

NOTES:

Gross Family Income per year a) _____
 Group 1 (\$90,000 - \$250,000)
 Group 2 (\$35,000 - \$74,000)
 Group 3 (\$10,000 – \$25,000; from unemployed to single-parent income)

of parents working 1) _____

Taxes b) _____

Group 1 (35%) (a x .35)
 Group 2 (22%) (a x .22)
 Group 3 (15%) (a x .15)

Net Income: (a – b) c) _____

Net Income/month (c / 12) d) _____

Value of your home¹ e) _____

Group 1 (between 3 – 5 times gross income)
 Group 2 (between 3 – 4 times gross income)
 Group 3 (no home ownership; go to Rent)

Gross Mortgage amount f) _____

Group 1 (e x .8² (= 20% down, mortgage 80%))
 Group 2 (e x .9 (= 10% down, mortgage 90%))
~~Group 2 Option (0% down) – all mortgage~~

Monthly Mortgage Payment g) _____

(Approximately \$750 per \$100K borrowed per month)
 (OR (f) x .0075)

Total Mortgage Payments (30 year loan) h) _____

Group 1 (Mortgage on home (f) multiplied by 2.5)
 Group 2 (Mortgage on home (f) multiplied by 3)

Total Home Payments over loan (to true ownership) i) _____

(Total mortgage payments (h) + down payment)

¹ When calculating value of home you purchase, consider reasonable amount that you might be able to spend, depending upon other considerations (variables on last sheet of this worksheet), savings, help from parents, etc.

Rent

j) _____

Group 3 only: \$500 - \$1200/month

(Rent amount depends upon: neighborhood (and schools), number of children (Bedrooms), kinds of jobs held, race/ethnicity and SES, etc.). Think in terms of cars owned, bus lines to work, etc.)

Health Insurance/month

k) _____

Group 1, \$0 (\$100-200/month; most paid by employer)

Group 2, \$100/month individual

\$200/month for couple

\$325/month for family

Group 3, \$0 - \$350/month (optional) NOT picked up by employer

Number of cars

2) _____

Group 1 (2-4)

Group 2 (1-2)

Group 3 (0-1)

Total Value of Automobiles

l) _____

Car payments

3) _____

Group 1 (\$0 - \$800/month)

(Car/cars paid for in cash and/or financed)

Group 2 (\$300-\$600/month)

(Depending upon number of cars and loans for each)

Group 3 (any cars? 1? New or Used) 4) _____

(Car repair; older the car = higher repair)

Car Insurance

m) _____

Group 1 (\$65/car x 12 months)

(\$1000 deductible)

Group 2 & 3 (\$50/car X 12 months)

(\$500 deductible)

Group 3 (\$30/month per car, if any)

(liability only)

OVER →

Property Taxes/Year (e + 1 (letter)) x .03

n) _____

Community Property Taxes

o) _____

Total revenue raised in your community by property taxes)

Group 1, n x 60,000 (members in your residential community)

Group 2, n x 150,000 (members in your residential community)

Group 3, n x 30,000 (members in your residential & business community)

Group 3, add \$6 million to your community property taxes to include businesses and industry in the community)

Local School Allocation

p) _____

(o x .30) (a generous 30% funding to schools)

Funding per student in your district*

q) _____

Group 1 (p / 22,000 students)

Group 2 (p / 50,000 students)

Group 3 (p / 15,000 students)

*ALSO KNOWN AS PER PUPIL REVENUE (this amount pays for: school building, teacher, administration, staff salary, curriculum, buses and fuel, school utilities, insurance, supplies, continuing education, % of health benefits for employees, standards experts, testing experts, lawyers, etc.)

OVER →

Monthly Expenses Worksheet

(Total of calculations below (not including (s))

Monthly mortgage payment (g)	_____	r) _____
Property Tax (distributed by month) (n/12)	+ _____	
Rent (j)	+ _____	
+Homeowner's Insurance	+ _____	
Group 1 (\$0 – insurance rolled into mortgage)		
Group 2 (\$100/month homeowners)		
Group 3 (no homeowners insurance; renter's insurance optional at \$80/month)		
+doctor's bills	+ _____	
Group 1 (\$0, paid by insurance)		
Group 2 (\$90, majority paid by insurance)		
Group 3 (\$125, no insurance)		
+Car payments (line 3 & 4 above)	+ _____	
+Monthly car insurance (m/12)	+ _____	
+Life Insurance (groups 1 & 2 only) (\$25 month for every \$100K)	+ _____	
+Groceries (minimum \$300/month for two people, extra \$100 for each child)	+ _____	
+Clothing (\$75/month +, depending upon lifestyle and # of children)	+ _____	
+Entertainment (eating out, movies, cable, music/, electronics purchases, etc.)	+ _____	
+Miscellaneous (home repair/improvement)	+ _____	
Group 1 (\$50 - \$300)		
Group 2 (\$50 - \$200)		
Group 3 (\$25 - \$50)		
+Private School (optional for groups 1 & 2)	+ _____	
Group 1 (\$1000/child/month)		
Group 2 (\$700-\$800/child/month)		
Group 3 (public schools only)		
+Daycare	+ _____	
\$0 if two parents, one of whom stays home (possible for groups 1 & 2)		
\$800/month/child if only one parent or if both parents work (groups 1 & 2)		
+OTHER (expenditures you anticipate in normal living)	+ _____	

TOTAL _____

Monthly Remainder "Disposable Income"

(d-r) s) _____