

No Place Like Home

Lois Dietsch

Activity #2

Nebraska State Education Content Standards:

Reading/Writing: 8.1.2, 8.2.5, 12.1.1, 12.1.2

Math: 8.1.1, 8.1.3, 8.5.1, 8.5.2, 12.5.2

Social Studies: 8.4.9, 12.4.22

Supplies needed:

Computer, internet access, “No Place Like Home” worksheet, pencil

Life Skills:

Keeping records, Wise use of resources, Planning/Organizing, Critical thinking, Decision making, Goal setting, Learning to learn.

Experience:

Students will continue to use the “No Place Like Home” (NPLH) worksheet to gather data. This data will be used in calculations in a later activity.

Process:

In order to determine costs, the students need to access the web sites listed and record the data requested on the worksheet.

Using these figures, the students will come to understand that living in different parts of the United States will have different expenses associated with it.

Taxes: One of the things students need to be more aware of is our state and federal tax systems. In this activity, the students will use simplified tax tables to get an idea of our tax rates. Social Security (FICA) is also included in this activity. Social Security tax is paid by both the employee and the employer. Each pays 7.65% of an individual’s earnings. There are several web sites that will provide this information. The Yahoo! Finance Tax Center seems fairly easy for students to navigate.

Use these web sites to help students collect the necessary information for this unit. The web site: Yahoo! Finance Tax Center OR <http://taxes.yahoo.com/rates.html> will provide the federal tax rate based on their median salary. State tax rates can be found at: <http://taxes.yahoo.com/statereport.html>

Car payments: To determine their car payment, follow the guidelines on the NPLN worksheet and use the web site: Car & Home Loan Calculator OR <http://www.bankrate.com/gokeyword/popcalc2.asp?loanAmount=18000.00&nrOfMonths=48&interestRate=4.89&Submit=Calculate>

To figure car expenses in this unit, set the price of the car they could buy based on their salary. Use the set interest rate in the Car Loan calculator, setting the length of loan

to 60 months. The calculator will compute the monthly car payment necessary at the current interest rate. This was done to save some time in completing the unit.

Extending this activity: Students could use the internet to price cars. All car manufacturers have web sites that let you “build” the car you want to purchase. There are lots of other web sites dedicated to selling cars. In fact, ebay is the world’s largest car dealer!

Students could also look at different interest rates and payment terms to understand how they effect the total amount paid for the car.

Other living expenses: The Consumer Price Index can be found at: <http://houseandhome.msn.com/pickaplace/comparecities.aspx> The Consumer Price Index (CPI) is an index of the *cost of living* commonly used to measure inflation. The Bureau of Labor Statistics publishes an index of consumer prices based on the typical market basket of goods and services consumed by all urban consumers during a base period. Among the Consumer Price Index components are the costs of housing, food, transportation, and electricity.

The Consumer Price Index uses 100 as average. If a community has a CPI of 95.8 for Food and Groceries, it can be assumed it is a little cheaper to purchase these goods in this location than the average. To get an idea of what this might mean, think of it this way. If an average family spends \$125 dollars on food in one week nationally, in a location where the CPI is 95.8, they would spend on average \$119.75. To arrive at this number, take the amount spent (\$125) times the factor .958 to equal \$119.75.

House payments: To figure housing expenses, again set the price of the housing at \$95,000 for an average home. This figure needs to be factored by the CPI found for housing in the two states the students are comparing. Because the cost of housing can vary greatly around the country, the student should take \$95,000 times their CPI factor. If a state had a housing CPI factor of 123.4, the equation would be 95,000 times 1.234 which would equal \$117,230. What this means, is that a home that cost \$95,000 in one location of the United States may cost \$117,230 in another.

Extending this activity: To expand this, students could use the internet to locate houses or apartments that meet their criteria to compare pricing between their two states.

Generalize:

Is the cost of living (CPI) similar between the cities you are comparing? Is living in a smaller city or state above or below average (100) in all areas? In some areas?

Apply:

Using the “No Place Like Home” worksheet, the students should continue collecting information for their two states comparison. This information will be collected from the web sites identified above and will be used in later calculations.

Lesson Evaluation:

- Students will demonstrate they could locate and accurately record the data requested in this activity.