

## ***Catalog Ordering: Let Your Fingers Do the Shopping***

### **Lesson Annotation**

Students will “shop” using a variety of catalogs supplied by the teacher or brought from their homes. They will complete an order form and compute the total cost of their order, including the items they purchased and other applicable charges. In the process, they discover there are charges applicable to catalog ordering that do not apply to in-store purchases.

**Grade Level:** 6-8

### **Personal Financial Literacy Standards**

**Standard 1:** Students will apply financial literacy reasoning in order to make informed, financially responsible decisions.

1.8.D.2 Identify fees associated with markets that are not face-to-face such as shipping and handling.

**Standard 3:** Students will develop skills to plan and manage money effectively by identifying financial goals and developing spending plans.

3.8.D.2 Describe how government’s tax policies affect individuals, families, and communities.

3.8.D.4 Describe ways consumers can influence the use of public funds.

### **Vocabulary**

**market:** places or technological arrangements where buyers and sellers can exchange resources, goods and services

**shipping and handling:** the costs of processing and transporting a product to a customer

**taxes:** a compulsory payment by individuals/organizations to the government; fees placed on income, property, or goods to support government programs

**revenue:** income (taxes) that a nation, state, city or community collects and uses for the public good

**Objectives:** Students will be able to...

- complete an order form for a product,
- identify fees associated with markets that are not face-to-face,
- identify ways consumers can influence the use of public funds.

### **Teacher Materials**

- Transparency of Resource 1a: *Order Form*
- Transparency of Resource 2: *Sweet Sandwich Shoppe*
- Transparency of Resource 4: *Ways to Influence Government on Taxing and Spending*
- Vocabulary listed and defined on the board
- NOTE: Consider copying Resource 1a and 1b as a two-sided handout

## Student Materials

- A variety of catalogs to use within the lesson (1 per student). Remove any personal address labels from the catalogs ahead of time.
- Resource 1a: *Order Form* (1 per student)
- Resource 1b: *Shipping and Handling Fees* (1 per student)
- Resource 3: *Taxing Questions for Discussion* (1 per group)
- Resource 5: *Planning Sheet: Taking a Stand on State Taxes* (1 per student)
- Resource 6: *How is the Money from Sales Tax Used?*

## Motivation

Ask students to identify items that they would like to purchase at some point in time. Ask them where they can purchase these items. Tell students that when they purchase something in a store, the store is considered a “market.” Refer students to the term “market” defined on the board. In light of the definition, ask them to identify other sources for purchasing items. (EX: Online, catalog shopping, etc...) Explain that online and catalog transactions also occur in a market. Inform students that they will work to complete a sample order form for purchasing items.

## Development

1. Project Resource 1a: *Order Form*. Review the various sections of the form.
2. Distribute a catalog and Resource 1a: *Order Form* to each student. Explain that they are to peruse the catalog, select a minimum of two items and complete the order form based on their selections. When students have chosen their items and are ready to add the shipping and handling fees, direct them to Resource 1b: *Shipping and Handling Fees*.
3. Project Resource 2: *Sweet Sandwich Shoppe*. Ask them to compare their order form with the projection. ASK:
  - a) Is there anything on the order form that does not appear on the projection? (*Shipping and handling fees*; NOTE: Sometimes companies do away with these fees.) Reinforce the meaning of “shipping and handling” with the use of the vocabulary on the board.
  - b) Is there anything on the projection that does not appear on their order form? (*taxes*; Explain that in most cases taxes are not collected on catalog orders) Reinforce the meaning of “taxes” with the use of the vocabulary on the board.
4. Explain to students that many states are upset that their sales taxes are not collected by catalog companies. Divide the class into groups of 2-3 students. Have groups discuss the items on Resource 3: *Taxing Questions for Discussion*.
5. Bring the class together to discuss the answers to Resource 3. Explain that several states are discussing this issue in terms of a way of increasing the amount of revenue a state can collect have available in state budgets. (Use the vocabulary on the board to clear the definition of “revenue.”)

**Enrichment or Homework Activity**

Complete Resource 6: *How is the Money from Sales Tax Used?*

**Assessment**

Project and review Resource 4: *Ways to Influence Government on Taxing and Spending*. Distribute Resource 5: *Planning Sheet: Taking a Stand on State Taxes* for student completion. Have students report out.

### Order Form

Item Number	Qty	Page	Description	Size	Color	Unit/Item Price	Total Price
Merchandise Total							
Shipping Charges (See Chart)							
Faster Shipping (See Chart)							
<b>TOTAL</b>							
<i>Thank you for your order!</i>							

**STEP 2**

**BILL TO:**

Name \_\_\_\_\_

Street Address \_\_\_\_\_

\_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone (day) xxx-xxx-xxxx

**SHIP TO (If different from BILL TO)**

Name \_\_\_\_\_

Street Address \_\_\_\_\_

\_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

### ***Shipping and Handling Fees***

<b>Shipping</b>		<b>FASTER SHIPPING</b>
Order Total	Charge	
Up to \$15.00	\$6.50	
\$15.01 - \$30.00	\$8.00	2-day    add \$12.00 to standard rates
\$30.01 - \$45.00	\$10.00	Overnight    call for rates
\$45.01 - \$60.00	\$12.50	
\$60.01 - \$80.00	\$14.00	
\$80.01 - \$100.00	\$16.50	
\$100.01 - \$150.00	\$20.00	
\$150.01 - \$200.00	\$24.50	
\$200.01 - \$250.00	\$29.50	
\$250.01 and up	12% of total	

Resource Sheet 2

***Sweet Sandwich Shoppe***

Diet Coke 20 oz	1 @ 1.59	1.59	TF
Veggie Powerhouse	1 @ 5.99	5.99	TF
Candy Mixed Treats	2 @ .15	.30	TF
Gourmet Salad	1 @ 7.00	7.00	F
Potato Salad	1 @ 6.25	6.25	F
Sandwich	1 @ 5.99	5.99	TF
Subtotal		7 27.12	
Tax		.83	
Total	Due	27.95	

## ***Taxing Questions for Discussion***

1. Why do you think catalog companies are not collecting taxes for each of the states?
2. Would catalog companies need to hire more people to collect and pay out the tax money? Why? Why not?
3. What would happen to the cost of the order if companies collected the taxes?
4. If the government required catalog companies to begin collecting taxes could that change the amount people would be able to buy? If so, how?
5. Why do states want the catalog companies to collect taxes for them?
6. What do states do with tax money?

## ***Ways to Influence Government on Taxing and Spending***

- ▶ Writing letters to government leaders
- ▶ Gathering and providing information at a public hearing
- ▶ Contacting lawmakers electronically
- ▶ Organizing a petition drive
- ▶ Working in a campaign
- ▶ Contributing to campaigns
- ▶ Participating in elections

### ***Planning Sheet: Taking a Stand on State Taxes***

**Congress introduced a bill that would require catalog companies to collect state taxes on any orders they receive. The companies would be responsible for turning the taxes over to the individual states.**

A. Should catalog companies collect sales taxes for the states?

B. List the facts that you think best support your stand.

1.

2.

3.

4.

C. Choose **one** of the following ways to influence government and use the points you've chosen above to support your stand.

- Write a letter or email to your Congressperson explaining your opinion on the proposed bill.
- Compose a message to post on Facebook in which you explain your stand on the issue and encourage your friends to contact their members of Congress.
- Create a petition to gather signatures either for or against the proposed bill. Be certain to include the reasons for your stance.

## Resource 6

### *How Is the Money from Sales Tax Used?*

Sales tax is a tax that is levied on individuals and businesses for goods and services at the time of purchase. States pass laws that allow them to collect sales tax and use the money for government services. Local **municipalities**, such as cities and counties, also levy sales tax on consumer purchases. Funds collected from sales tax are used to provide a variety of goods and services to citizens.

A main use for sales tax **revenue** is police, medical and firefighting services. These services are an expensive part of the community, and sales tax is a simple way to pay for these services. Sales tax goes to local and county protective services depending on the location where the sales tax is located. Local municipalities must pay for their protective services out of sales tax revenue from their funds before getting money from the county or state.

Libraries, parks and swimming pools are several types of community services paid for by sales tax revenues. Sales tax funds are **appropriated** by the type of community service and paid for from this amount. Most community services remain at the local level, with the state paying very little money towards funding these services.

Another large expense for states is **infrastructure** items, such as roads, lights and utilities. Each of these items will be partially paid for from the sales tax revenue collected by the state and local municipalities. Not only are the physical infrastructure items paid for from sales tax, but also the workers that install and repair the infrastructure items. New roads or lights are planned by a commission that reviews future sales tax revenues and determine if new infrastructure items can be built.

Many local cities and counties will pay for special public-use items through special sales tax fees. Airports, subways, bus systems and local trains are items that may be paid for by sales tax revenues. Some municipalities may sometimes add a one-cent tax on each consumer transaction to pay for these special items.

A small portion of sales tax revenues may go toward the payment of administrative or support staff for local municipalities. This staff may include office and managerial employees who help maintain and track the progress of items paid for from sales tax revenue. Each department will have staff members assigned to it for administrative purposes. Smaller municipalities may employ just a few staff members who handle the entire process of tracking sales tax revenue.

**Adapted from an article on eHow.com**

---

### **Vocabulary**

**municipality:** a political unit, such as a city, town or village, created for local self-government

**revenue:** income (taxes) that a nation, state, city or community collects and uses for the public good

**appropriated:** set apart for or assigned to a particular purpose or use



