



Life of a Dollar Bill

Federal Reserve Bank of New York

Grade Levels: 4,5,6,7,8

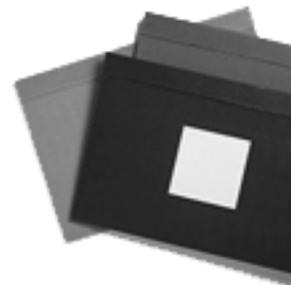
Document Type: Instructional Unit

Description:

Introduces the basic need for money, and the circular flow of resources between households, businesses, government, and financial institutions as told by Mr. Dollar Bill. Teacher's guide outlines goals, vocabulary, and discussion questions.



This document may be printed.



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Document

FEDERAL RESERVE BANK OF NEW YORK

Teacher's Curriculum Guide To LIFE OF A DOLLAR BILL

Introduction:

This teaching packet has been designed to stimulate student interest and enhance classroom instruction in economics. The packet can best be used as a teacher introduces a unit of study on money. The packet consists of a poster and fifty copies of a four-page illustrated booklet. *It is essential you read the four-page illustrated booklet prior to teaching your students the concepts presented in the poster.*

Goals:

The general goals of the packet are to develop in students an economic understanding of how the currency component of the money supply gets into circulation and how money flows facilitate in the production of goods and services—our Gross National Product. More specific goals are to familiarize students with the following economic concepts: the three kinds of money, the purposes money serves, and how money, resources, and goods and services flow between households, businesses, governments, and banks.

Vocabulary:

Bank	Currency	Gross National Product
Barter	Economic Resources	Households
Business	Federal Reserve Bank	Income
Checking Account	Goods	Services
Coin	Government	

Introducing the Lesson:

Teacher (holding a dollar bill in front of the class): "What is this in my hand? What will it do for you? Where was it before I got it? Where did it originally come from?" After discussion the teacher tells the students that they are going to learn more about the life of a dollar bill.

Discussion and Reading Booklet:

Teacher (while distributing booklets to students): "This is a special booklet about money that we will read and share together." The teacher should begin reading the booklet to the students as they follow along in their own booklets.

The booklet should be used as a discussion tool and should not be read straight through without stopping. For example, when the booklet states, "Throughout history money has taken many forms," the teacher should use this as an opportunity to discuss other items (animal skins, grain, shells, pots, rings) which historically have been used as money.

In the course of the reading activity, delay putting up the poster until the booklet states, "Dollar like me are printed by the treasury's Bureau of Engraving and Printing in Washington, D.C." At this time put up the poster and point to the top, showing the beginning of the life of a dollar bill. The teacher should relate to the reading activity to the poster, pointing to various concepts, term, etc. After the discussion activity the booklets should be replaced in the classroom where they are readily available for students to reread and review.

Activities:

1. Set up a barter game and allow students to trade objects. Afterwards, discuss complications that were encountered in trading, such as the fact that many trades were required before getting what you want or that values were hard to compare. Discuss how money makes trading easier.
2. Take a field trip to a bank to find out how cash and checking accounts are handled. Back in the classroom display a large copy of a check on a chart and have students practice writing checks on blank forms. Discuss why most money used is in the form of checks.
3. Have students research information on Federal Reserve Banks. For example, find the location of the Federal Reserve Bank nearest you. Find out if it burns or shreds worn-out bills? If shredded, is it recycled?
4. As art activities, students could design their own dollar bills using appropriate symbols or draw sequential cartoon illustrations tracing the paths in the life of a dollar bill.
5. A creative writing experience could involve students personifying "Bill . . . Dollar Bill." Their stories of Bill could describe his lifespan of approximately 18 months, being refolded at least 4000 times, and living in dirty, cramped pockets or clean metal vaults.

Polly Gray
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MONEY

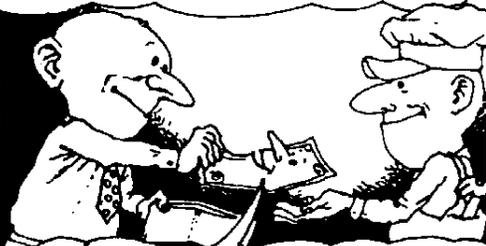
- LIFE OF A DOLLAR BILL

- FEDERAL RESERVE BANK OF NEW YORK -

MY NAME IS BILL--DOLLAR BILL. I'M A FEDERAL RESERVE NOTE. I'M ONE OF THREE KINDS OF MONEY USED IN THE UNITED STATES--CURRENCY, COIN AND CHECKBOOK DOLLARS. LET ME TELL YOU ABOUT US AND HOW WE HELP MAKE OUR ECONOMY RUN SMOOTHLY.

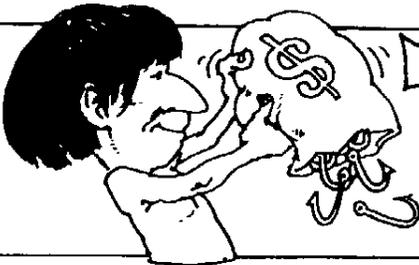


OF COURSE, YOU KNOW MONEY IS VALUABLE BECAUSE PEOPLE ACCEPT IT IN EXCHANGE FOR GOODS AND SERVICES AND AS PAYMENT FOR DEBTS.



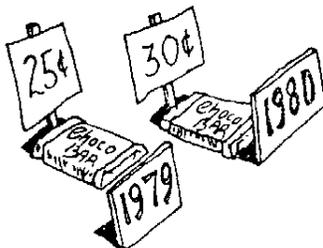
YOU CAN EXCHANGE MONEY FOR HOURS OF WORK OR FOR THE GOODS AND SERVICES YOU WANT OR NEED.

THROUGHOUT HISTORY MONEY HAS TAKEN MANY FORMS. SOME PEOPLE HAVE USED FEATHERS, FISH HOOKS, NAILS AND STONES AS MONEY. AN ITEM CAN BE MONEY AS LONG AS IT IS ACCEPTED BY THE PEOPLE INVOLVED IN THE EXCHANGE.

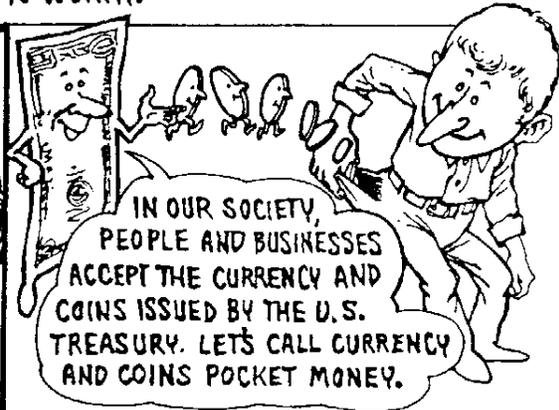


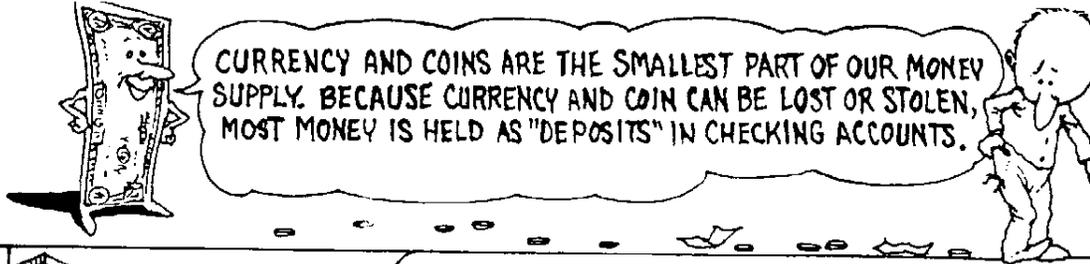
MONEY MAKES IT EASIER TO COMPARE VALUES OF THINGS YOU WANT TO BUY. HOW MUCH A QUARTER CAN BUY--ITS PURCHASING POWER-- IS A MEASURE OF HOW MUCH YOUR MONEY IS WORTH.

A CANDY BAR COSTING 25¢ NOW, MIGHT COST 30¢ NEXT YEAR. YOUR MONEY WILL HAVE LOST SOME VALUE; YOU WILL HAVE LOST PURCHASING POWER.



IN OUR SOCIETY, PEOPLE AND BUSINESSES ACCEPT THE CURRENCY AND COINS ISSUED BY THE U.S. TREASURY. LET'S CALL CURRENCY AND COINS POCKET MONEY.





CURRENCY AND COINS ARE THE SMALLEST PART OF OUR MONEY SUPPLY. BECAUSE CURRENCY AND COIN CAN BE LOST OR STOLEN, MOST MONEY IS HELD AS "DEPOSITS" IN CHECKING ACCOUNTS.

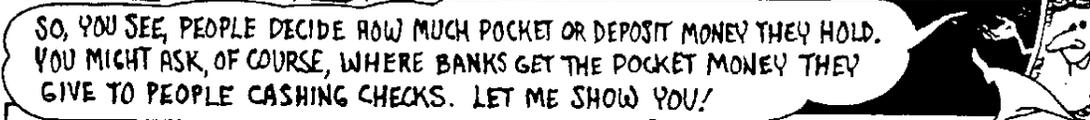


PEOPLE SPEND THEIR "DEPOSIT" MONEY BY WRITING CHECKS. A CHECK INSTRUCTS A BANK TO PAY A SPECIFIC AMOUNT OF MONEY TO SOMEONE ELSE.

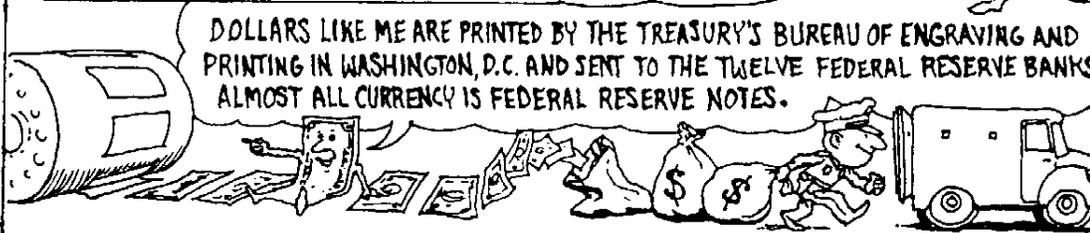
PEOPLE WHO WANT MORE CURRENCY AND COIN CASH CH THEY EXCHANGE DEPOSIT MON FOR POCKET MONEY.



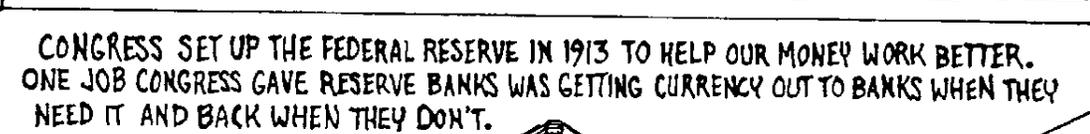
PEOPLE WHO WANT LESS CURRENCY AND COIN EXCHANGE POCKET MONEY FOR DEPOSIT MONEY.



SO, YOU SEE, PEOPLE DECIDE HOW MUCH POCKET OR DEPOSIT MONEY THEY HOLD. YOU MIGHT ASK, OF COURSE, WHERE BANKS GET THE POCKET MONEY THEY GIVE TO PEOPLE CASHING CHECKS. LET ME SHOW YOU!



DOLLARS LIKE ME ARE PRINTED BY THE TREASURY'S BUREAU OF ENGRAVING AND PRINTING IN WASHINGTON, D.C. AND SENT TO THE TWELVE FEDERAL RESERVE BANKS. ALMOST ALL CURRENCY IS FEDERAL RESERVE NOTES.



CONGRESS SET UP THE FEDERAL RESERVE IN 1913 TO HELP OUR MONEY WORK BETTER. ONE JOB CONGRESS GAVE RESERVE BANKS WAS GETTING CURRENCY OUT TO BANKS WHEN THEY NEED IT AND BACK WHEN THEY DON'T.



RESERVE BANKS ORDER SUPPLIES OF CURRENCY AND COIN FROM THE TREASURY JUST AS A SUPERMARKET MANAGER, WHO KNOWS WHAT HIS CUSTOMERS WANT, ORDERS DIFFERENT BREAKFAST CEREALS.

IF YOUR NEIGHBORHOOD BANK DOESN'T HAVE ENOUGH MONEY OR CERTAIN DENOMINATIONS, SUCH AS \$10 AND \$20 BILLS, IT TAKES MONEY FROM ITS ACCOUNT AT THE RESERVE BANK--JUST AS YOUR MOM OR DAD MIGHT CASH A CHECK AT THE NEIGHBORHOOD BANK TO GET CURRENCY.

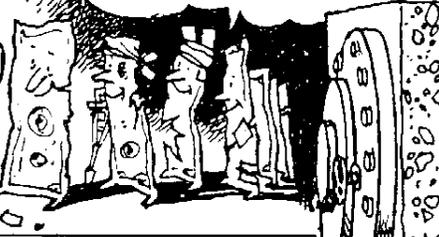
IN NOV. AND DEC., FOR EXAMPLE, BANKS NEED LOTS OF POCKET MONEY BECAUSE PEOPLE ARE CASHING CHECKS TO GO CHRISTMAS SHOPPING. AFTER THE HOLIDAYS, STORES TAKE THE POCKET MONEY TO THEIR BANKS.



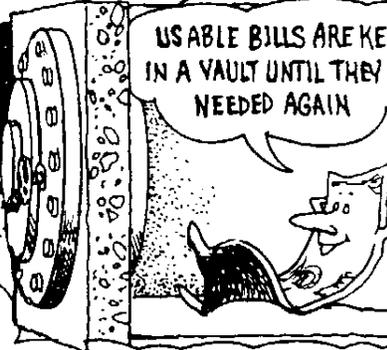
WHEN THE BANKS HAVE MORE CURRENCY THAN IS NEEDED OR SAFE TO HOLD, THEY SEND IT TO A RESERVE BANK.



WORKERS AT RESERVE BANKS REMOVE TORN AND WORN-OUT BILLS AND SHRED THEM TO BITS. NEW BILLS ARE PUT INTO CIRCULATION TO REPLACE THOSE DESTROYED.

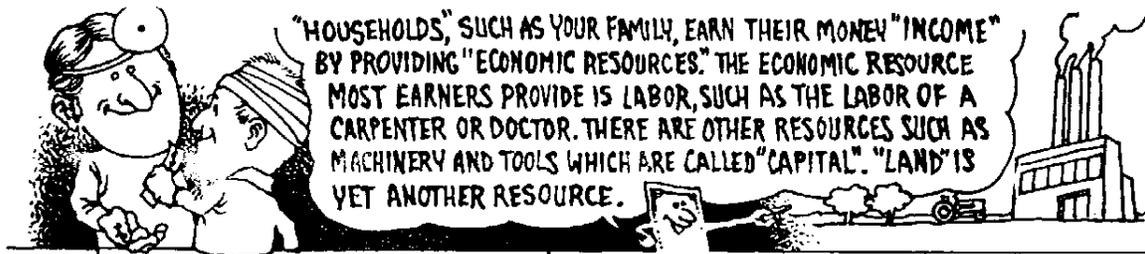


USABLE BILLS ARE KEPT IN A VAULT UNTIL THEY ARE NEEDED AGAIN

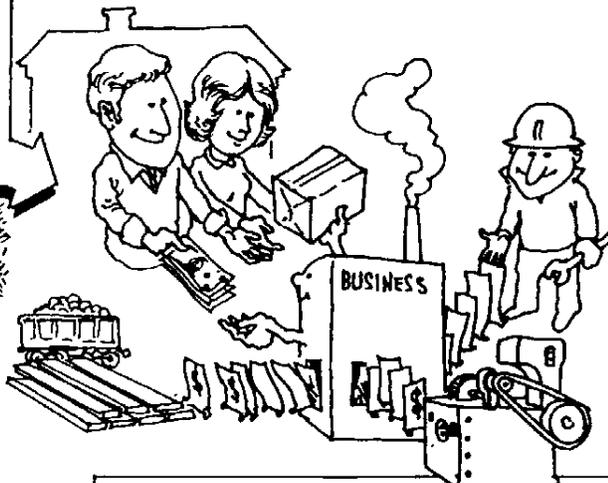


BETWEEN THE TIME I LEAVE A RESERVE BANK AND THE TIME I RETURN, I'VE CIRCULATED, ALONG WITH DEPOSIT MONEY, THROUGH OUR ECONOMY. MONEY, WHETHER IT'S CHECKBOOK OR POCKET MONEY, PLAYS AN IMPORTANT ROLE IN WEAVING TOGETHER THE DIFFERENT PARTS OF OUR ECONOMY.



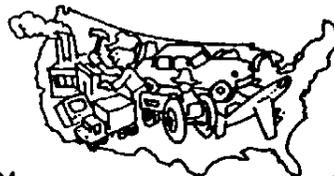
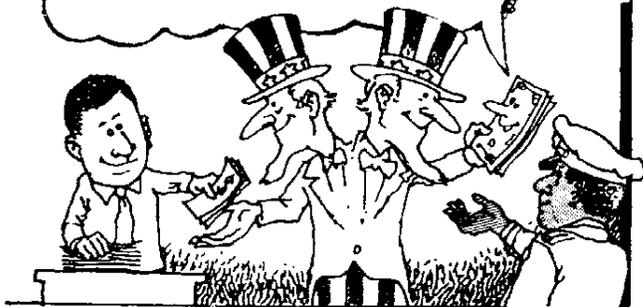


HOUSEHOLDS SPEND THEIR INCOME ON GOODS AND SERVICES. THEIR PURCHASES PROVIDE BUSINESSES WITH THE MONEY TO PAY FOR WORKERS, MATERIALS AND MACHINES.



HOUSEHOLDS AND BUSINESSES PAY PART OF THEIR INCOME TO FEDERAL, STATE AND LOCAL GOVERNMENTS. GOVERNMENTS SPEND THIS "TAX" INCOME TO BUY GOODS, SUCH AS SHIPS AND SATELLITES, AND THE SERVICES OF PEOPLE SUCH AS YOUR TEACHER AND THE NEIGHBORHOOD POLICE FORCE.

ALL OF THE DOLLARS SPENT BY HOUSEHOLDS, BUSINESSES AND GOVERNMENTS FOR THE COUNTRY'S OUTPUT OF GOODS AND SERVICES ARE CALLED "GROSS NATIONAL PRODUCT!"



SO YOU CAN SEE, MONEY DOES MORE THAN BUY ICE CREAM AND TOYS. IT HELPS CHANGE RESOURCES INTO THE THINGS WE WANT AND NEED AND GIVES US A WAY OF GETTING THEM. MONEY IS LIKE A THREAD THAT TIES PEOPLE TOGETHER AS AN ECONOMY AND A SOCIETY.



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