

Opportunity Cost

Extension Activity for *Savings Cents* Presentation

Grade Level:

- Grade 8

Learning Objective:

This extension activity, along with the *Savings Cents* presentation, should help students:

- define opportunity cost and identify the opportunity cost of different situations

Materials Needed:

- whiteboard
- whiteboard marker
- *What is the Opportunity Cost?* worksheet (1 per student)
- pencils (1 per student)

Lesson Plan:

1. Ask students the following question: *what is opportunity cost?* Write the correct responses on the whiteboard
2. Share with students the following definition of opportunity cost:
opportunity cost: what a person gives up when they choose one option over the other
3. Explain to students when people spend money they are giving up some of their money in exchange for receiving goods and services today. They are also giving up the chance to use that money in the future. When people save money, they are putting some of their money aside to use in the future and are giving up the chance to use that money today
4. Read the following scenario aloud: you are at the movies and want to buy popcorn and candy. However, you only have enough money for one of these. Which would you choose?
5. Have several students share their choices aloud. Explain to students the option they did not pick represents their opportunity cost – what they gave up when they made a choice between two or more desirable options
6. Share with students they will be completing a worksheet about opportunity cost
7. Distribute the *What is the Opportunity Cost?* worksheet and pencils to students
8. Review the answers with students after they have completed the worksheet

What is the Opportunity Cost?

Instructions: read each scenario and record the choice and opportunity cost of each situation. Use a sentence that begins “when...chose the.... his/her opportunity cost was”:
The first one is done as an example:

1. Sarah has a hard time deciding between french fries and onion rings – her two favorite foods. She chose onion rings because she ate french fries yesterday. What was her opportunity cost?
When Sarah chose the onion rings, her opportunity cost was the french fries
2. Peter went to the candy store. He wanted potato chips and jelly beans. He only had enough money to buy one of them. He decided to buy potato chips. What was his opportunity cost?
3. Dennis received \$100 for his birthday. He wanted to buy a new video game but his parents wanted him to put the money in his bank account. He decided to put the money in his bank account. What was his opportunity cost?
4. Laura was shopping in a clothing store. She had \$100 to spend. She found two items she liked: a jacket for \$95 and a pair of shoes for \$89. She decided to buy the shoes. What was her opportunity cost?
5. Jason was shopping for a vehicle. He found a car and a truck that he liked. He decided to buy the truck because he had a lot of stuff he needed to haul around. What was his opportunity cost?

What is the Opportunity Cost? Answer Key

Instructions: read each scenario and record the choice and opportunity cost of each situation. Use a sentence that begins “when...chose.... his/her opportunity cost was”: The first one is done as an example:

1. Sarah has a hard time deciding between french fries and onion rings – her two favorite foods. She chose onion rings because she ate french fries yesterday. What was her opportunity cost?
When Sarah chose the onion rings, her opportunity cost was the french fries.
2. Peter went to the candy store. He wanted potato chips and jelly beans. He only had enough money to buy one of them. He decided to buy potato chips. What was his opportunity cost?
When Peter chose the potato chips, his opportunity cost was the jelly beans.
3. Dennis received \$100 for his birthday. He wanted to buy a new video game but his parents wanted him to put the money in his bank account. He decided to put the money in his bank account. What was his opportunity cost?
When Dennis chose to put the money in his bank account, his opportunity cost was the video game
4. Laura was shopping in a clothing store. She had \$100 to spend. She found two items she liked: a jacket for \$95 and a pair of shoes for \$89. She decided to buy the shoes. What was her opportunity cost?
When Laura chose to buy the shoes, her opportunity cost was the jacket.
5. Jason was shopping for a vehicle. He found a car and a truck that he liked. He decided to buy the truck because he had a lot of stuff he needed to haul around. What was his opportunity cost?
When Jason chose the truck, his opportunity cost was the car.