

Exploring opportunity costs

Students read a book about the opportunity costs of starting a business, play a fill-in-the-blank game, and discuss things they could give up so they can have something else.

Learning goals

Big idea

When we choose to do or buy one thing, we often have to give up something else.

Essential questions

- What is an opportunity cost?
- What opportunity costs do I have in my life?

Objectives

- Understand opportunity costs
- Identify personal opportunity costs

What students will do

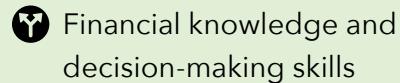
- Read the Money Monsters Start Their Own Business chapter book.
- Play a fill-in-the-blank game about opportunity costs.
- Reflect on opportunity costs in their own lives.

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:



Grade level: Elementary school (4-5), Middle school (6-8)

Age range: 9-11, 11-14

Topic: Earn (Becoming an entrepreneur, Learning about careers, Making money), Spend (Buying things)

School subject: CTE (Career and technical education), English or language arts, Social studies or history

Teaching strategy: Direct instruction, Gamification

Bloom's Taxonomy level: Understand, Apply, Analyze

Activity duration: 75-90 minutes

National Standards for Personal Financial Education, 2021

Earning income: 4-2, 4-4, 8-4, 8-9, 12-4, 12-11

Spending: 4-3, 8-1

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

Preparing for this activity

- While it's not necessary, completing the "Exploring entrepreneurship" activity first may make this one more meaningful.
- Have students read *Money Monsters Start Their Own Business* before doing this activity.
 - If there's time, you can order free copies of this book at <https://go.usa.gov/xhWBV> or other books in the Money Monster series from <https://go.usa.gov/xAfnS>. Shipping takes three to four weeks.
 - You also can direct students to the PDF version of the book at https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_money-monsters-start-their-own-business_book.pdf.
- Print copies of all student materials for each student, or prepare for students to access them electronically.

NOTE

The book includes questions at the end of each chapter. The questions are designed to give students the chance to reflect on the theme of the chapter and apply it to their own lives.

What you'll need

THIS TEACHER GUIDE

- **Exploring opportunity costs** (guide)
[cfpb_building_block_activities_exploring-opportunity-costs_guide.pdf](https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_exploring-opportunity-costs_guide.pdf)

STUDENT MATERIALS

- **Exploring opportunity costs** (worksheet)
[cfpb_building_block_activities_exploring-opportunity-costs_worksheet.pdf](https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_exploring-opportunity-costs_worksheet.pdf)
- **Money Monsters Start Their Own Business** (book)
[cfpb_building_block_activities_money-monsters-start-their-own-business_book.pdf](https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_money-monsters-start-their-own-business_book.pdf)
[cfpb_building_block_activities_money-monsters-start-their-own-business_book.epub](https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_money-monsters-start-their-own-business_book.epub)

Exploring key financial concepts

In life, we make choices every day. When we choose one thing, we don't always think about the fact that it often means we can't choose something else. Let's say your favorite sports team is playing in your town on the same day and around the same time your favorite band has a concert in your town. Usually, you have to choose one or the other. Or let's say you want a slice of pizza and an ice cream cone, but you only have enough money for one of those things. Getting pizza means you give up the chance to have an ice cream cone. Those are examples of opportunity costs. An opportunity cost is the cost of the next best use of your money or time when you choose to buy or do one thing rather than another. It's what you give up when you pick one thing instead of another. When you make choices about how to spend your time, energy, or money, remember to think about the opportunity costs so you can choose what's right for you.

Teaching this activity

Whole-class introduction

- Students should read *Money Monsters Start Their Own Business* before doing this activity.
 - The ideal time to do this activity is after students have read to the end of chapter six. At that point in the book, the characters have experienced some opportunity costs of running their business.
- Ask students to share a time when they had to choose between two things they wanted to do or buy.
- Explain to students that many things in life have an opportunity cost.
 - An opportunity cost is something you have to give up in order to buy or do something else.
- Read the "Exploring key financial concepts" section to the students.
- Ask students to share examples of opportunity costs that Foozil and Gibbins faced in the book.
 - Examples may include Gibbins giving up soccer and video games on the weekends (chapter five) and Foozil being told to leave the science team (chapter six).

- Be sure students understand key vocabulary:
 - **Business:** The activity of making, buying, or selling goods or providing services in exchange for money.
 - **Entrepreneur:** Someone who organizes, manages, and assumes the risks of a business or enterprise.
 - **Opportunity cost:** Cost of the next best use of your money or time when you choose to buy or do one thing rather than another.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Individual and group work

- Distribute the "Exploring opportunity costs" worksheet to each student.
- Divide students into groups of three or four.
- Students will work together to fill in the word list on the worksheet.
- Using the words in the word list, students will independently fill in the blanks in the "Money Monster opportunity costs fill-in-the-blank story" section of their worksheet.
- Students will complete the worksheet's "Opportunity costs and you" section and the reflection question independently.

Wrap-up

- Ask volunteers to read their group's fill-in-the-blank story.
- Ask volunteers to share their answers to the "Opportunity costs and you" section and the reflection question.

Suggested next steps

Consider searching for other CFPB activities related to earning, including becoming an entrepreneur, learning about careers, or making money, or spending, including buying things. Suggestions include "Drawing your own business comic strip" and "Playing a business game."

Measuring student learning

Students' answers on their worksheets and during discussion can give you a sense of their understanding. **Keep in mind that students' answers may vary, as there may not be only one right answer.** The important thing is for students to have reasonable justification for their answers.