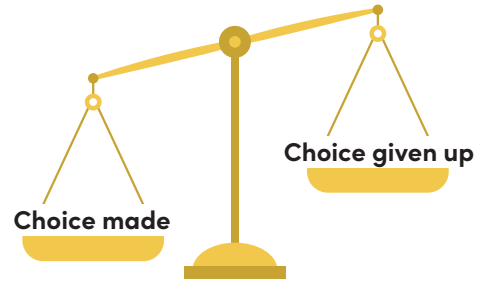


Opportunity Cost

Every choice has a trade-off. If you spend money or time on one thing, that means you can't spend it on something else. When you decide to do something, the **opportunity cost** is what you *didn't* do. It's the next best choice—the one you gave up.

Let's say you want to earn some money. You can either babysit or mow lawns. If you decide to babysit, you give up the chance to mow lawns. So, your opportunity cost is the money you might have earned mowing lawns.

There are opportunity costs for every decision, even if no money is involved. Imagine your sibling asks you to play a board game with them. The game takes time to play. The opportunity cost is what else you could have done with that time, like watching a movie.



Use the information above to answer the questions.

- Jordan has \$2 to spend at the store. Water and crackers each cost \$2, so Jordan chooses to buy water because he is thirsty. What is the opportunity cost of Jordan's decision to buy water?

The opportunity cost of Jordan's decision to buy water was that he gave up the option to buy crackers.

- Jasmine can choose to take either art or music as an elective class at her school. If she chooses to study art, what is the opportunity cost of her decision?

The opportunity cost of Jasmine's decision to study art will be giving up the option to study music.

- Casey has time after school every day to either join a sports team or practice drums. If he chooses to practice drums, what is the opportunity cost of his decision?

The opportunity cost of Casey's decision to practice drums will be giving up the option to play on a sports team.

- Kayla has \$20 to spend at a food court. Tacos cost \$5 dollars each, while pizza costs \$10 each. If she chooses to buy four tacos, what is the opportunity cost of her decision?

The opportunity cost of Kayla's decision to buy four tacos will be giving up the option to buy two pizzas.

- Now give your own example of a decision, and identify its opportunity cost.**

Decision	Opportunity cost
Answers will vary.	Answers will vary.