

What is Opportunity Cost?

You make many choices every day.
You choose how to spend your time.
You choose how to spend your energy.
You also choose how to spend your money.

Did you know that every choice you make has an **opportunity cost**?

An **opportunity cost** is the value of the options you *didn't* choose.

For example, let's say you spend \$20 on a new book. You could have spent that \$20 on many other things. You could have bought a poster for your room or a meal at a restaurant. Reading has more **value** to you than a poster or a fancy meal, so you bought the book instead. As a result, your bedroom wall will stay blank and you will eat at home. The **opportunity cost** of buying the book is a blank wall and leftovers for dinner. To you, the new book is worth the **opportunity cost**.

Some of the choices you make have **value** even when they are not very fun. For example, there is an **opportunity cost** to reading these words right now. You could be doing something more fun. You could be watching cartoons or making up a new dance. You decided that learning has more **value** to you than a cartoon or a dance... at least for now!



In our example, reading a good book is worth the opportunity cost of a blank wall and leftovers for dinner.

Questions:

1. Other than money, name two other things you choose to spend.
2. What is **opportunity cost**?
3. What is a choice you made today?
4. What was the **opportunity cost** of your choice?

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