When Choices Shift

Trace how a more valuable alternative changes a decision.

SS24.E.2a "Analyze how changes in opportunity costs impact the rational decision-making of individuals, businesses, and governments."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline each initial choice, circle what changes about an alternative, and number the three resulting switches from 1 to 3. Use your marks to track how opportunity costs change.

The Cost of What Comes Next

1. Maya has a grant that covers an evening training course, but she can also work those hours at a grocery store. She estimates that attending class will bring future benefits worth about $110 for each evening invested. At first, she could earn $80 per evening at work, so she chooses class. When a staffing shortage raises her possible pay to $140, she switches to work, assuming her estimate of the course's benefits has not changed. The course still has no tuition charge, but its opportunity cost, the pay Maya gives up, has risen. Her choice depends on expected benefits, not just a price tag.

2. A bakery can use its only oven on Saturday to prepare either a catered order or extra loaves for a street market. The owner expects $450 in profit from catering and initially expects $400 in profit from the loaves. She plans to take the catered order because it offers the higher expected profit. Then a competing bread stall closes, and demand for her loaves rises. Expected profit from loaves climbs to $520, while the catering estimate stays $450. Before committing to either option, she changes plans and makes loaves. Catering's opportunity cost is now the $520 in profit forgone from the best alternative.

3. A city council has enough staff to run either a summer tutoring program or a cooling center in a vacant public building, not both. At first, council members expect tutoring to help more residents and choose it. Before either program opens, a new forecast predicts far more days of dangerous heat than earlier forecasts did. The council now expects the cooling center to prevent more harm than tutoring would prevent, while tutoring's expected benefits stay about the same. Running tutoring would now mean giving up larger benefits from cooling. The council switches to the cooling center, based on revised estimates rather than proof that tutoring has no value.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why does Maya switch from class to work even though the course still has no tuition charge?

2. How does the bakery's opportunity cost of catering change, and why does the owner change plans?

3. How does the new heat forecast change the opportunity cost of running the tutoring program?

4. Compare the bakery's and council's decisions. In each case, what changes about the alternative to the option initially favored?

3 YOUR TURN

Your own words

Invent a decision for a school club with two ways to use one Saturday. In 4 to 5 sentences, give its initial choice, explain a change in the alternative's value, and show how the new opportunity cost affects its decision.

ANSWER KEY

When Choices Shift

GRADE 12 · SS24.E.2a

PART 1 · READ AND MARK

Underline each initial choice, circle what changes about an alternative, and number the three resulting switches from 1 to 3. Use your marks to track how opportunity costs change. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why does Maya switch from class to work even though the course still has no tuition charge?	**Her possible pay rises from $80 to $140 per evening, increasing the earnings she would give up to attend class. That now exceeds her estimated $110 benefit per evening of class.**
2	How does the bakery's opportunity cost of catering change, and why does the owner change plans?	**The profit forgone from making loaves rises from an expected $400 to $520. Because $520 exceeds the unchanged $450 catering estimate, the owner plans to make loaves instead.**
3	How does the new heat forecast change the opportunity cost of running the tutoring program?	**The council expects a cooling center to prevent more harm under the new forecast. Running tutoring would therefore mean giving up greater expected benefits from cooling, so the council switches programs.**
4	Compare the bakery's and council's decisions. In each case, what changes about the alternative to the option initially favored?	**The bakery's expected profit from loaves rises while its catering estimate stays the same. The council's expected benefit from cooling rises while tutoring's expected benefit stays about the same. Each switches because the alternative has become more valuable.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A school club can spend Saturday organizing a book sale or washing cars to raise money. At first, it expects to raise $300 from the sale and $200 from the car wash, so it chooses the sale. A local event near the school then raises expected car wash earnings to $420, while the sale estimate stays $300. The opportunity cost of holding the sale rises from $200 to $420 in forgone car wash earnings. Before scheduling volunteers, the club switches to the car wash because it now expects to raise more money.

Accept explanations that identify the best forgone alternative and show how its changed value affects the choice. Students need not assume that expected benefits or profits are certain.