Training Pays Back

Compare costs and earnings to judge an education investment.

SS.8.FL.1.5 "Examine the fact that investment in education and training generally has a positive rate of return in terms of the income that people earn over a lifetime, with some education or training having a higher rate of return than others."

NAME ______________________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Underline the costs of education or training. Circle each earnings amount, then number the statements that explain why one training choice can have a higher rate of return than another.

Two Paths, Different Returns

1 Education and training can be investments because people give up resources now to build skills for later. Costs may include tuition, tools, transportation, and time spent studying instead of working. In return, a new skill can qualify a worker for jobs that pay more. The return is not guaranteed, but earnings often rise when training matches jobs employers need.

2 Consider the planning example in the table. Each path starts with a worker who could earn $32,000 a year without additional training. The table compares two possible programs after four years of work. To judge a rate of return, compare the extra earnings with the program cost. A smaller gain can produce a higher rate when its cost is lower.

PLANNING EXAMPLE: EARNINGS AFTER TRAINING

Training path	Program cost	Annual income after training
Pharmacy technician certificate	$6,000	$40,000
Computer networking degree	$16,000	$46,000

3 In this example, the pharmacy technician certificate adds $8,000 per year, or $32,000 over four years before its $6,000 cost. The networking degree adds more total income, $56,000, before its $16,000 cost. Yet the certificate has the higher rate of return because each dollar invested brings more extra income. Real results vary with completion, location, job openings, and worker choices.

2 ANSWER WITH EVIDENCE

Use the passage

1. Name two costs a person may have when investing in education or training.

2. After four years, how much extra income does the pharmacy technician certificate produce after subtracting its program cost? Show the numbers you used.

3. Which path has the greater total extra income after costs, and which path has the higher rate of return?

4. List two reasons that actual earnings results may differ from the planning example.

3 YOUR TURN

Your own words

Create two imaginary education or training choices. For each one, choose a cost and an expected four-year extra earnings amount, then decide which choice has the higher rate of return and explain why in the last column.

EDUCATION OR TRAINING CHOICE	INVESTMENT COST	FOUR-YEAR EXTRA EARNINGS BEFORE COST	HIGHER RATE OF RETURN? WHY?

Training Pays Back

PART 1 · READ AND MARK

Underline the costs of education or training. Circle each earnings amount, then number the statements that explain why one training choice can have a higher rate of return than another. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Name two costs a person may have when investing in education or training.	**Any two: tuition, tools, transportation, or time spent studying instead of working.**
2	After four years, how much extra income does the pharmacy technician certificate produce after subtracting its program cost? Show the numbers you used.	**$26,000. The worker gains $32,000 in extra earnings over four years, then subtracts the $6,000 program cost.**
3	Which path has the greater total extra income after costs, and which path has the higher rate of return?	**The computer networking degree has the greater total extra income after costs, $40,000 compared with $26,000. The pharmacy technician certificate has the higher rate of return.**
4	List two reasons that actual earnings results may differ from the planning example.	**Any two: whether the worker completes the program, location, job openings, or worker choices.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

EDUCATION OR TRAINING CHOICE	INVESTMENT COST	FOUR-YEAR EXTRA EARNINGS BEFORE COST	HIGHER RATE OF RETURN? WHY?
Bike repair certificate	$2,000	$12,000	Yes. Its $10,000 net gain is five times its cost.
Medical coding program	$10,000	$30,000	No. Its $20,000 net gain is two times its cost.

Accept equivalent calculations and explanations that compare extra earnings after cost to the investment cost. For the open task, accept reasonable invented estimates when the stated higher rate is supported by the numbers.