

BALANCEDLIFE™

a classroom simulation

Pre Lesson: Making Decisions



Notes to the Teacher:

Pre Lesson: Making Decisions

This lesson challenges the students to think critically about the decisions that they are making. It teaches them the mechanics of making a decision.

When to use the lesson:

This practice will help prepare the student for the BALANCED Life program because a budget simulation requires the participant to make many decisions about housing, transportation, child care, etc.

Objectives of the Lesson:

1. Define the terms associated with making a decision (Vocabulary)
2. Demonstrate the ability to apply critical thinking to a decision (Application)
3. Demonstrate the ability to use the PACED Decision-Making Model (Application)

Start the conversation with your students:

Ask them to share a time when they had to decide between two or three options. You might hear stories of which extra-curricular activity they had to choose, how they spent their allowance, or how they chose their current part-time job. If these are not offered up freely, ask about these or others. As you are talking through their example(s), be sure to include the vocabulary words below (**in bold**).

Life is about tradeoffs, and so is economics. People make important decisions every day. We must make **choices** because we have limited resources. This problem is called **scarcity**. As individuals, limited resources (time, money, space, etc.) keep us from having everything we want. We weigh the relative **costs and benefits** of each alternative when faced with a **choice** and then **choose** the one that provides us with the greatest anticipated benefits. When we choose option “A”, it means we cannot do option “B”, so that is our **opportunity cost**. We have to learn to make decisions in life because everything is a **trade-off**.

Vocabulary:

- **Choice:** The course of action taken when faced with a set of alternatives.
- **Cost/Benefit Analysis:** A tool used to choose among alternatives; weighing the cost (monetary, time, etc....) of a product or service against the benefit(s) it will provide.
- **Opportunity Cost:** The loss of potential gain from other alternatives when one alternative is chosen.
- **Scarcity:** An economic condition created by an excess of human wants over the resources necessary to satisfy them. The state of being scarce or in short supply; shortage.
- **Trade-off:** Giving up one thing in order to get something else.

The PACED Decision-Making model offers a great framework for your students to follow:

- Define the **P**roblem
- List the **A**lternatives
- Determine the **C**riteria
- Evaluate the **E**lternatives
- Make the **D**ecision

It requires the students to be actively involved in the decision-making process – it is a hands-on activity. You may walk through an example of the PACED model together before you ask them to complete it on their own or in a pair.

Student Handout:

Name: _____

Pre Lesson: Making Decisions

CHOICES

Think about a choice that you made today. Perhaps it was to push snooze instead of get-up. Maybe it was to ignore your sister/brother at breakfast versus engage them in conversation? Maybe it was to sit next to someone new at lunch?

What was the choice you made? _____

What was the alternative(s) to the choice you made? _____

Why did you choose one thing over another? _____

Why couldn't you have both options at the same time? _____



Brittany could not get out of bed!

The alarm went off at 6:15AM. Brittany had a **choice**. Last night she swore that she was going to get up when it went off and not hit the snooze button or turn off the alarm. She started thinking about what she was gaining (more sleep) and what she was losing (extra study time, time with friends, time to work out). She was weighing the **costs and benefits** of her choices. The **choice** to sleep-in could **cost** her a lot.

Think about that first choice: getting up, hitting the snooze button, or turning off the alarm. If we choose to hit the snooze button or turn off the alarm, what do we gain? We gain extra sleep. What do we lose? We lose time that we might spend with a friend, study for an exam, watch TV, play video games, etc. The extra sleep is a **benefit** and the loss of the other options is the **opportunity cost**.

Pre Lesson: Making Decisions (*Student Handout continued*)

Vocabulary Matching (*draw a line between the word and its definition*)

- | | |
|---------------------------------|--|
| A. Choice | 1. An economic condition created by an excess of human wants over the resources necessary to satisfy them. The state of being scarce or in short supply; shortage. |
| B. Cost/Benefit Analysis | 2. Giving up one thing in order to get something else. |
| C. Opportunity Cost | 3. The course of action taken when faced with a set of alternatives. |
| D. Scarcity | 4. The loss of potential gain from other alternatives when one alternative is chosen |
| E. Trade-Offs | 5. A tool used to choose among alternatives; weighing the cost of a product or service against the benefit(s) it will provide. |

Decision making is a process. The PACED Decision-Making Model can help us make better choices with better outcomes. The five steps to good decision making include:

P = State the PROBLEM

A = List the ALTERNATIVES

C = Identify the CRITERIA

E = EVALUATE the options, based on the criteria

D = Make a DECISION

PROBLEM: What decision do you need to make? Are you trying to decide which outfit to buy? Which movie to see? Where to vacation? Where to attend college? To solve a problem, the first step is, writing down what decision must be made.

ALTERNATIVES: Each of the questions above has several possible answers, which means you have a lot of options from which to choose. Make a list of all of the possible choices that you have.

CRITERIA: What is important to you? What are you using to measure your options? For example, suppose your problem is deciding where to go to college, you might consider location, cost, majors offered, availability of financial aid, etc.

EVALUATE: How well does each option meet your criteria? If your favorite location is out of your budget and offers no scholarships, it may not be the best choice.

DECIDE: Based on your evaluation of the options you have listed, what is the best choice for you? It may not be your favorite place, but it may be the best solution to your problem at this time.

Pre Lesson: Making Decisions (*Student Handout continued*)

Practice: Let's Make a Decision

Step 1 – Write down a decision you need to make (what is a **P**roblem you need to solve?) This could be anything...which sport you will play, where you will go to college, which job you will apply for, what movie you will see next, etc...

Step 2 – Make a list of three possible solutions, **A**lternatives or options.

1. _____

2. _____

3. _____

Step 3 – List three things that are important to you (your **C**riteria) when making this decision.

1. _____

2. _____

3. _____

Step 4 – Evaluate - How well does each option meet your criteria?

1. _____

2. _____

3. _____

Step 5 – Decide - Based on your evaluation of the options you have listed, what is the best choice for you?
