

## ECON: Scarcity, College, and Income

The choices we make are constrained by the resources and means to which we have access. The more of those that are available to us, the more options we have when making decisions. In this activity you will learn about the differing level of resources and means available to households in the United States and how they impact college enrollment and future earnings.

### Part I: Scarcity & Time

Watch [this video](#) to learn more about scarcity. Then, answer the questions.

1. Think about your average week and list some of the things you do that consume your time.

2. When we spend our time doing one thing, it means we're not spending that time doing any number of other things.
  - a. What does the video call the things we miss out on as a result of the choices we make?

- b. Look back at the list you made in question one. What are some of the things you are **not** doing as a result of choosing to do the things in that list?

3. We are often faced with tough decisions regarding how to spend our time (like working a part-time job rather than joining a sport or club). Describe a time in your life when you've had to make a decision involving how to spend your time and the opportunity costs that were involved.

## Part II: Scarcity & Money

Like time, money is another important scarce resource. Review the [charts in this article](#) to learn more about how households with different levels of income allocate their money. Then, answer the questions.

4. Using the charts referenced in the article, complete the table below.

	Households		
	Bottom 20%	Average	Top 20%
Total Income			
% of income allocated to spending			
Total Savings			

5. Describe the relationship between a household's income and how much that household allocates toward spending and saving.

6. Review the furthest-right side of the charts where spending is broken down by category. In which categories do you feel it would be easy to adjust your spending? In which do you feel it would be difficult?

## Part III: Scarcity and Future Income

You've learned it takes time and money to go to college. Not everyone has enough of one or both of those things to make it happen. Let's take a look at how that can affect a person's lifetime earnings. Two resources have been provided for you to research how a person's level of education affects their average salary. Use those resources to answer the questions below.

### Resource #1:

[College Enrollment by Family Income](#)

7. Describe the difference in the percentage of high school graduates that enroll in college based on family income.

8. Using what you've learned about scarcity of time and money, how would you explain the difference in the number of graduates from high income families and low income families that enroll in college?

**Resource #2:**

[Education Pays: U.S. Bureau of Labor Statistics](#)

9. Describe the general effect of education on a person's earnings.

10. Do you think this means everyone should make the decision to enroll in college? Why or why not?

11. Describe your plan for work and/or college after high school. Then, describe one strategy you can use to allocate your time and money now that will help you stick to that plan in the future.