

Lesson Description

Students are divided into groups to produce name tents. Each of four groups in the classroom produce name tents in a different way to highlight different levels of human capital. The students identify the ways in which people invest in human capital and the link between investment in human capital and earning income.

Concepts

Human capital
Investment in human capital

Objectives

Students will:

- Define human capital and investment in human capital.
 - Give examples of investment in human capital.
 - Describe the relationship between a person's level of education and income-earning potential.
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Content Standards

National Standards in K-12 Personal Finance

Income and Careers: Use a career plan to develop personal income potential.

- **Standard 1:** Explore career options.
 - Eighth-grade expectation 1: Give an example of how education and/or training can affect lifetime income.

National Standards in Economics

- **Standard 13:** Income for most people is determined by the market value of the productive resources they sell. What workers earn depends, primarily, on the market value of what they produce and how productive they are.
 - Benchmark 2, Grade 8: People's incomes, in part, reflect choices they have made about education, training, skill development and careers. People with few skills are more likely to be poor.

- **Standard 15:** Investment in factories, machinery, new technology, and the health, education and training of people can raise future standards of living.
 - Benchmark 1, Grade 4: When workers learn and practice new skills, they are improving their human capital.
 - Benchmark 2, Grade 4: Workers can improve their productivity by improving their human capital.

Time Required

30 minutes

Materials

- Two sheets of light-colored construction paper per student plus one sheet for the teacher
- One dark-colored marker per student
- Visual 1.1

Procedures

1. Explain that students will participate in a personal finance unit, *It's Your Paycheck*, to learn more about earning income, paying taxes, managing income and using credit.
2. Tell students that the first activity involves creating name tents for display on their desks for class and for guest speakers.
3. Demonstrate how to produce a name tent as follows.
 - Fold the piece of construction paper in half, shorter edges (8 ½") together. Crease the center fold. The folded paper should measure 8 ½" x 5 ½".
 - Open the page to 8 ½" x 11".
 - Fold the bottom 8 ½" edge to the middle crease. Crease the fold.
 - Open the page to 8 ½" x 11".
 - Fold the top 8 ½" edge to the middle crease. Crease the fold.
 - The paper should now have four sections each measuring approximately 2 ¾" x 8 ½".
 - Starting from one end of the paper, count down three rectangles. Print your first name in large letters in the rectangle.

- Turn the paper upside-down. Again count down three rectangles and print your first name in large letters in the rectangle.
 - Fold the paper to create a tent with the name displayed on both sides.
4. Divide the students into four groups. Explain that each group will have different rules for folding name tents. Describe the rules for each group as follows.
- Group 1: Each of you will remain seated to produce your own name tent, using only one hand, your nondominant hand—that is, the hand with which you do not write—to produce the name tent. You must keep your dominant hand behind your back.
 - Group 2: Each of you will remain seated to produce your own name tent, using only one hand, your dominant hand—that is, the hand with which you write—to produce the name tent. You must keep your nondominant hand behind your back.
 - Group 3: Each of you will remain seated to produce your own name tent, using both hands.
 - Group 4: Each of you will produce your own name tent while standing and using only one hand—the nondominant hand—to produce the name tent. You must keep your dominant hand behind your back. You may not use the desk, table or chair.
 - None of the groups may begin producing name tents until the class is told to begin.
 - When each student finishes folding his or her name tent, he or she should raise a hand.
 - Students will be timed and will have a maximum of two minutes to make the name tent.
5. Draw the following table on the board and use this to tally students who raise their hands upon completing the name tent.

| | Group 1 | Group 2 | Group 3 | Group 4 |
|-------------|----------------|----------------|----------------|----------------|
| 30 seconds | | | | |
| 60 seconds | | | | |
| 90 seconds | | | | |
| 120 seconds | | | | |

6. Distribute a piece of construction paper to each student. Remind them that students in each group must fold name tents according to the rules described and that they are to raise their hands individually when they have finished their name tents. Tell students they may begin. As students raise their hands, record tallies on the board next to the appropriate group number and time segment.
7. After two minutes, ask everyone to stop producing name tents and discuss the following:
 - Did any students find it very difficult to produce name tents? (*students in Group 4*) Why? (*Standing and folding with one hand—the nondominant hand—made it nearly impossible.*)
 - Ask students in each group what difficulties they encountered making the name tents? (*Group 1: hard to fold with one hand, very hard to fold using only nondominant hand, difficult to write with nondominant hand; Group 2: hard to fold with one hand; Group 3: few difficulties; Group 4: hard to fold with one hand, very hard to fold with nondominant hand, very, very hard to fold standing up and difficult to write with nondominant hand*)
 - In general, which group of students finished most quickly? (*Group 3*) Why? (*Students in this group were able to use both hands and were able to remain seated.*)
 - In general, which group of students took the longest time to finish? (*Group 4*) Why? (*Students in this group had to use only the nondominant hand and had to stand.*)
8. Explain that **human capital** is the knowledge, talent and skills that people possess. Point out that people are able to invest in their human capital by going to school, pursuing additional training and developing skills.
9. This unit, *It's Your Paycheck*, is about earning and managing income. The process of managing income includes saving and investing for the future. An important investment that students make in their future is their **investment in human capital**—their efforts to acquire and improve human capital. There is a very strong correlation between the level of human capital a person possesses and the amount of income the person earns.
10. Explain that in the name tent activity, Group 4 represents those with the smallest investment in human capital—high school dropouts. Group 1 represents those who graduate from high school. Group 2 represents those who pursue additional training following high school—associate's degrees, bachelor's degrees or trade school. Group 3 represents those who pursue advanced degrees.
11. Ask the students how finishing name tents more quickly in the activity might relate to investment in human capital. (*Answers will vary, but students might recognize that people with more skills, education and training tend to be more productive.*)

Point out that people with more skills, education and training tend to be more productive and, as a result, earn higher incomes.

12. Display *Visual 1.1: Income and Education* to emphasize the correlation between education and income earning potential. Point out that part of planning for their financial future is making a strong investment in their own human capital, which includes learning about earning and managing income.
13. Explain that people develop human capital throughout life. Learning to read and compute are examples. Discuss the following and record student examples on the board:
 - Give examples of the human capital you possess—that is, the skills, talents and education that you have now. (*read, write, compute, play piano, play chess, draw, use various woodworking tools, ability to use a computer, ability to work with others, and so on*)
 - What investments did/do you make to develop and maintain this human capital? (*practiced reading, completed math homework, practiced piano, joined the chess club, attended a special art class, attended a computer class, made furniture and other wood items, and so on*)
 - If you want to own your own business in the future, what human capital might you need? (*management skills, accounting skills, computer skills, communication skills, etc.*)
 - What investments might you make to develop this human capital? (*pursue a college degree in business or accounting, read professional journals, shadow someone who owns a business, etc.*)
14. Distribute new pieces of construction paper to students who were not able to complete their name tents or to students whose name tents are illegible.
15. Tell students that the name tents will be used throughout this unit to remind them about investing in their human capital. Name tents will also be displayed when guests visit the classroom.

Closure

16. Review the key points of this lesson by discussing the following:
- What is human capital? (*the knowledge, talent and skills that people have*)
 - What is investment in human capital? (*efforts to acquire and improve human capital*)
 - How do people invest in human capital? (*education, training and practice*)
 - In general, how does investment in human capital—through education—affect income? (*The more education, the greater income people earn.*)

Assessment

17. Have students select an occupation in which they are interested. Have them identify the human capital they currently possess that would be important in this occupation (*reading, mathematics, people skills, writing, etc.*) and identify investments in human capital they must make to attain this occupation (*additional education, training and so on*).

Visual 1.1: Income and Education

According to the U.S. Census Bureau News, March 15, 2007:

- Adults with advanced degrees earn four times more than high school dropouts.
- Adults with a master's, professional or doctoral degree earned an average of \$79,946 annually, while those with less than a high school diploma earned \$19,915.
- Adults with a bachelor's degree earned an average of \$54,689 in 2005, while those with a high school diploma earned \$29,448.
- In 2006, 86 percent of all adults 25 years old and older reported that they had completed at least high school.
- 28 percent of adults 25 years old and older had attained at least a bachelor's degree.

SOURCE: <http://www.census.gov/Press-Release/www/releases/archives/education/009749.html>