

# SESSION 1: SCARCITY and CHOICE (DECISIONMAKING)

## Session Description

Scarcity of resources requires individuals, organizations, and governments to make decisions. Students will experience decisionmaking in several ways by completing activities regarding choosing a college and buying a computer.

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## Talking Points

1. Economics is fundamentally about scarcity—not having enough resources to produce all of the goods and services that would satisfy the wants of individuals or society in general.
2. People face scarcity of marketable resources (land, labor, capital, and entrepreneurship). This scarcity limits their ability to earn income.
3. Because of limited income and limits to their time, people must make choices about allocating/rationing what is available.
4. The PACED model provides a five-step process for making decisions:
  - P:** Identify the **problem**. Usually, the problem is related to scarcity.
  - A:** List **alternatives**—the options you will choose from.
  - C:** Select **criteria**—the things that are important to you in making the decision.
  - E:** **Evaluate** alternatives based on the criteria.
  - D:** Make a **decision**.
5. Even though people may face the same problem and alternatives, they may have different criteria and evaluate the alternatives differently based on those criteria. So, faced with the same problem, people do not necessarily make the same decision.
6. The PACED model is not about finding the “correct” choice for everybody; it is about making a careful, well-informed decision for yourself.

## Session 1: Standards and Benchmarks

### Missouri Personal Finance Competencies

#### *Money Management*

2. Interpret the opportunity costs of financial decisions.
3. Evaluate the consequences of personal financial decisions.
4. Apply a decision-making process to personal financial choices.

### National Standards for Financial Literacy

All six standards have a focus on decisionmaking.

### Common Core State Standards

- CCSS.ELA-Literacy.RH.9-10.4 Determine the meaning of words and phrases as they are used in a text, including vocabulary describing political, social, or economic aspects of history/social science.
- CCSS.ELA-Literacy.SL.9-10.1 Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grades 9–10 topics, texts, and issues, building on others' ideas and expressing their own clearly and persuasively.
- CCSS.ELA-Literacy.SL.9-10.4 Present information, findings, and supporting evidence clearly, concisely, and logically such that listeners can follow the line of reasoning and the organization, development, substance, and style are appropriate to purpose, audience, and task.
- CCSS.ELA-Literacy.RH.9-10.7 Integrate quantitative or technical analysis (e.g., charts, research data) with qualitative analysis in print or digital text.
- CCSS.ELA-Literacy.RH.11-12.4 Determine the meaning of words and phrases as they are used in a text, including analyzing how an author uses and refines the meaning of a key term over the course of a text (e.g., how Madison defines *faction* in *Federalist No. 10*).
- CCSS.ELA-Literacy.RH.11-12.7 Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., visually, quantitatively, as well as in words) in order to address a question or solve a problem.
- CCSS.ELA-Literacy.SL.11-12.1 Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grades 11–12 topics, texts, and issues, building on others' ideas and expressing their own clearly and persuasively.
  - CCSS.ELA-Literacy.SL.11-12.1B Work with peers to promote civil, democratic discussions and decision-making, set clear goals and deadlines, and establish individual roles as needed.

- CCSS.ELA-Literacy.SL.11-12.4 Present information, findings, and supporting evidence, conveying a clear and distinct perspective, such that listeners can follow the line of reasoning, alternative or opposing perspectives are addressed, and the organization, development, substance, and style are appropriate to purpose, audience, and a range of formal and informal tasks.

## Session 1: Resources

1. Online course: The Art of Decisionmaking
  - a. Go to [www.stlouisfed.org](http://www.stlouisfed.org).
  - b. Choose "Education Resources."
  - c. Choose  [Teachers: Go directly to the Online Course Login](#) .
  - d. Create an account or, if you already have an account, log in.
  - e. Register your class for "The Art of Decisionmaking" course.
  
2. Online course: Opportunity Cost
  - a. Go to [www.stlouisfed.org](http://www.stlouisfed.org).
  - b. Choose "Education Resources."
  - c. Choose  [Teachers: Go directly to the Online Course Login](#) .
  - d. Create an account or, if you already have an account, log in.
  - e. Register your class for the "Opportunity Cost" course.
  
3. Online videos: Personal Finance 101 Conversations
  - a. [Episode 14, FAFSA 101](#) (7:43); [http://www.stlouisfed.org/education\\_resources/personal-finance-101-conversations/episode-14-fafsa-101/](http://www.stlouisfed.org/education_resources/personal-finance-101-conversations/episode-14-fafsa-101/)
  - b. [Episode 15, College Choice 101](#) (5:26); [http://www.stlouisfed.org/education\\_resources/personal-finance-101-conversations/episode-15-college-choice-101/](http://www.stlouisfed.org/education_resources/personal-finance-101-conversations/episode-15-college-choice-101/)
  - c. [Episode 16, Financial Aid 101](#) (8:38); [http://www.stlouisfed.org/education\\_resources/personal-finance-101-conversations/episode-16-financial-aid-101/](http://www.stlouisfed.org/education_resources/personal-finance-101-conversations/episode-16-financial-aid-101/)
  
4. Any table from *Consumer Reports*
  - a. Share as a real-world example of the PACED model in action.