

ECONOMICS (CTE)

MIS03 14151

Economics is the study of economic principles and their application. This may include types of business ownership, theory of the free enterprise system, general economic principles, role of the government, cooperative marketing, economic terms and definitions, world conditions and how they affect the American Free Enterprise Systems.

NOTE: *This course can be taught for Career and Technical Education – Business Education credit only. For Social Studies credit, Economics (15060) can be found under Social Studies.*

Credit ¼, ½, OR 1 credit
Max credit = 1

Level Grades 9-12

-These are the standards/competencies taken from the larger Business Education document that are the bare minimum to be covered in the class in any school using this MIS03 code.

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Standard 5	<i>ECONOMICS/PERSONAL FINANCE</i>	
<i>ECONOMICS</i>		
ALLOCATION OF RESOURCES		
Topic 5.1	Assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.	
Student Competencies		
5.1.1	Demonstrate understanding of rational economic decision making by explaining the advantages and disadvantages of alternatives (economic trade-offs) in a given situation.	
5.1.2	Describe how effective decision making requires a comparison of the additional costs (marginal costs) and additional benefits (marginal benefits) using a cost-benefit analysis chart and PACED (state the Problem, list Alternatives, identify the Criteria, Evaluate the alternatives based on the criteria, make a Decision) decision-making grid for economic and personal finance decisions.	
5.1.3	Explain the difference between the concepts of marginal benefit and marginal cost and how each relates to rational decision making.	
5.1.5	Analyze how scarcity influences choices to consume or produce items.	

ECONOMIC SYSTEMS		
Topic 5.2	Explain why societies develop economic systems, identify the basic features of different economic systems, and analyze the U.S. economic system's major features.	
Student Competencies		
	5.2.1	Identify the basic economic questions that must be answered by any economic system (e.g., what is to be produced, how is it to be produced, and for whom is it to be produced).
	5.2.2	Compare the different types of economic systems and economic philosophies with focus on planned and emerging economies (traditional, market, command or centrally planned, and mixed).
	5.2.3	Describe the characteristics of and give examples of a mixed economy and a command economy.
	5.2.4	Illustrate the relationship between individual households, businesses, and government (e.g., circular flow of goods and services and money payments) in making production and distribution decisions in a market-oriented economy.
	5.2.6	Analyze existing economies and how they answer the following three basic economic questions every economic system must answer: 1. What goods and services should be produced? 2. How should the goods and services be produced? 3. For whom should the goods and services be produced?
	5.2.8	Analyze how economic systems, resources, and culture affect each other.
	5.2.9	Analyze how wages and prices are determined in command or centrally planned and market economies.
ECONOMIC INSTITUTIONS AND INCENTIVES		
Topic 5.3	Analyze the role of core economic institutions and incentives in the U.S. economy.	
Student Competencies		
	5.3.1	Identify the returns for various productive resources (e.g., interest, rent, profit, and wages).
	5.3.2	Describe and give examples of different kinds of economic institutions in the U.S. economy (e.g., households, businesses, financial institutions, government agencies, labor unions, and nonprofit organizations).
	5.3.3	Explain the purpose of incentives and disincentives in the U.S. economy and give examples of each.
	5.3.5	Explain how specific financial and nonfinancial incentives influence economic behavior of individuals in different ways.
	5.3.6	Provide illustrations of how the market system requires a give-and-take between institutions and individuals.
	5.3.9	Analyze ways in which a society's allocation of resources will be affected by its law, public policy, and taxation.
MARKETS AND PRICES		
Topic 5.4	Analyze the role of markets and prices in the U.S. economy.	
Student Competencies		
	5.4.1	Describe how relative prices affect consumers' buying and selling decisions.
	5.4.2	Describe the role of the market in determining what, how, and for whom economic goods and services are produced in the U.S. economy.
	5.4.4	Explain and give illustrations of the law of demand, law of supply, and equilibrium price.
	5.4.5	Analyze the relationship of relative price to scarcity when prices are set by supply and demand market forces.

	5.4.6	Identify determinants of supply and demand.
	5.4.7	Demonstrate an understanding of the supply and demand curves that show increases and decreases in quantity supplied and quantity demanded.
	5.4.8	Demonstrate an understanding of the supply and demand curves when there are increases and decreases in supply and demand and explain why these changes occur.
	5.4.9	Illustrate how a change in price affects quantity demanded or quantity supplied.
	5.4.10	Explain and illustrate how the equilibrium price changes according to changes in supply or demand.
	5.4.11	Explain and illustrate how a market reacts to shortages and surpluses with no government intervention.
	5.4.12	Explain and illustrate how a market reacts to governmental intervention (e.g., price ceilings, price floors, and regulations).
	5.4.13	Describe and illustrate the concept of elasticity and inelasticity.
	5.4.15	Explain why changes in prices of resources create incentives/disincentives for resource allocation in the U.S. economy.
	5.4.16	Identify the effect of changes in the relative price of a substitute or complementary good on supply and demand.
MARKET STRUCTURES		
Topic 5.5	Analyze the different types of market structures and their effect on the price and the quality of the goods and services produced.	
Student Competencies		
	5.5.3	Identify the basic characteristics of monopoly, monopolistic competition, and oligopoly and give examples of each.
	5.5.4	Describe the characteristics of pure competition and identify examples in the current market.
	5.5.5	Describe how competition in a purely competitive market encourages the production of higher quality goods and services.
	5.5.6	Describe the characteristics of monopoly and natural monopoly and identify examples in the current market.
	5.5.7	Describe the characteristics of an oligopoly and identify examples in the current market.
	5.5.9	Discuss the major barriers to new firms entering a market and how the barriers affect the level of competition in an industry.
	5.5.10	Examine U.S. laws and government regulations that are designed to impact competition.
PRODUCTIVITY		
Topic 5.6	Explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity and global trade.	
Student Competencies		
	5.6.1	Describe how investment in human capital and/or physical capital (e.g., equipment, plants, and technology) can increase productivity.
	5.6.3	Analyze and discuss economic indicators that reflect productivity (e.g., GDP, unemployment rate, and CPI).
	5.6.5	Assess opportunity costs and economic risks involved when investing in physical and human capital to increase productivity.
	5.6.8	Distinguish between fixed, variable, explicit, and implicit costs.
	5.6.14	Identify and illustrate choices, opportunity cost, and productivity using the Production Possibilities Curve model.

THE ROLE OF GOVERNMENT		
Topic 5.7	Analyze the role of government in economic systems, especially the role of government in the U.S. economy.	
Student Competencies		
	5.7.1	Explain the role of government taxation and its effect on consumers and producers.
	5.7.11	Describe the purpose and basic structure of the Federal Reserve including the role of monetary policies (e.g., open market securities, reserve requirement, discount rate) in regulating the economy.
	5.7.12	Differentiate between monetary and fiscal policies and identify when it may be appropriate to use a given policy.
AGGREGATE SUPPLY AND AGGREGATE DEMAND		
Topic 5.9	Analyze how the U.S. economy functions as a whole and describe selected macroeconomic measures of economic activity.	
Student Competencies		
	5.9.2	Analyze incentives and disincentives of being employed versus incentives and disincentives of being unemployed or underemployed.
	5.9.3	Explain who benefits and who loses with inflation/ deflation.
	5.9.4	Analyze the causes and effect of demand-pull and cost-push inflation.
	5.9.5	Calculate the real interest rate (nominal minus rate of inflation).
	5.9.6	Compare and contrast the different stages of the business cycle (e.g., recovery, expansion, trough, and peak).
	5.9.9	Interpret the Consumer Price Index (CPI) in relationship to purchasing power as a commonly used measure of price-level change.
	5.9.10	Discuss major factors that affect the level of a country's Gross Domestic Product (GDP) (e.g., quantity and quality of natural resources, human capital, and capital stock).
PERSONAL FINANCE		
PERSONAL DECISION MAKING		
Topic 5.10	Use a data-informed decision-making process as it applies to the roles of citizens, workers, and consumers.	
Student Competencies		
	5.10.1	Define and give examples of economic wants.
	5.10.2	Explain how every individual defines wants and needs differently.
	5.10.3	Apply opportunity costs and trade-offs to personal decision making.
	5.10.4	Apply the steps in a rational decision-making process to a situation involving an economic decision by an individual.
	5.10.5	Recognize the consequences of economic choices.
	5.10.6	Differentiate between types of decisions and identify those for which a formal decision-making process should be used.
	5.10.7	Apply the decision-making process to various types of decisions at different stages of the life cycle.
	5.10.10	Analyze how ethics affect business and personal financial management decisions.
	5.10.11	Examine the impact of advertising, peer pressure, and family history on personal financial decisions.

EARNING AND REPORTING INCOME

Topic 5.11 Identify various forms of income and analyze factors that affect income as a part of the career decision-making process.

Student Competencies

5.11.1	Explain how types and availability of jobs are determined primarily by consumer demand in the market-oriented economy of the United States.
5.11.2	Discuss how personal choices concerning human capital (e.g., experiences, technology, education/training, and other factors) influence income.
5.11.3	Analyze the characteristics and requirements of occupations of interest, including entrepreneurial opportunities.
5.11.4	Differentiate between gross and net income.
5.11.5	Identify benefits as a component of total income.
5.11.6	Explain the various types of taxes and their impact on purchasing power.
5.11.7	Identify types of income other than wages (e.g., interest, rent, and profit) that people earn from their resources.
5.11.8	Discuss how factors affect income from employment such as supply and demand, geographic location, level of education, type of industry, union membership, productivity, skill level, and work ethic.
5.11.10	Compare compensation packages that include varying levels of wages and benefits.
5.11.11	Analyze how career choice, education, and skill affect income and goal attainment.
5.11.12	Describe the different types of taxes (e.g., progressive, regressive, and proportional) and how they can impact disposable income.
5.11.13	Explore potential tax deductions and credits on a tax return.
5.11.14	Calculate personal tax liabilities for various types of taxes (e.g., property, income, sales, FICA, and Medicare).
5.11.15	Explain the impact of taxes on personal financial planning.
5.11.16	Calculate net pay.
5.11.17	Investigate employee benefits and incentives.
5.11.18	Describe information and required forms relevant to the completion of state and federal income tax forms.

MANAGING FINANCES AND BUDGETING

Topic 5.12 Develop and evaluate a spending/savings plan.

Student Competencies

5.12.1	Identify ways in which individuals and families obtain financial resources.
5.12.2	Define fixed and variable expenses.
5.12.3	Categorize expenses as fixed or variable.
5.12.4	Classify periodic expenses as fixed or variable.
5.12.5	Determine discretionary income in a spending plan.
5.12.6	Evaluate a personal spending plan for consumer spending to determine individual financial goals.
5.12.7	Construct and use a personal spending/savings plan and evaluate it according to short- and long-term goals.

SAVING AND INVESTING

Topic 5.13 Evaluate savings and investment options to meet short- and long-term goals.

Student Competencies

5.13.1	Describe the advantages and disadvantages of various savings and investing plans.
5.13.2	Describe how financial institutions use funds deposited as savings and/or investment by customers.
5.13.3	Identify the risk/return trade-offs for saving and investing.
5.13.4	Analyze the power of compounding and the importance of starting early in implementing a plan of saving and investing.
5.13.6	Distinguish between the rights and responsibilities of owners of debt and equity investments.
5.13.8	Differentiate between interest, dividends, capital gains, and rent from property.
5.13.9	Describe how saving and investing influence economic growth (capital formation).
5.13.11	Identify costs for investments.
5.13.12	Identify income sources for investments.

BUYING GOODS AND SERVICES

Topic 5.14 Apply a decision-making model to maximize consumer satisfaction when buying goods and services.

Student Competencies

5.14.5	Compare the costs and benefits of purchasing, leasing, and renting.
5.14.6	Describe consumer assistance services provided by public and private organizations (e.g., government, the Better Business Bureau, and manufacturers).

BANKING AND FINANCIAL INSTITUTIONS

Topic 5.15 Evaluate products and services provided by financial deposit institutions to transfer funds.

Student Competencies

5.15.1	Identify the rights and responsibilities associated with using a checking account.
5.15.2	Describe the steps involved in opening and using a checking account.
5.15.3	Compare and contrast the different types of checking accounts offered by various financial institutions.
5.15.4	Differentiate among types of electronic monetary transactions (e.g., debit cards, ATM, and automatic deposits/payments offered by various financial institutions).
5.15.5	Identify new and emerging methods of transferring money (e.g., PayPal, Zello, Venmo, ApplePay) and how they affect financial institutions.
5.15.6	Examine the use of banks and other financial institutions from a global consumer perspective (e.g., immigrants to the U.S., fear of banks, cash-based systems in some countries, safety of deposits made in banks in other countries).
5.15.7	Identify other means of transferring funds (e.g., money orders and certified checks).
5.15.8	Evaluate products and services and related costs and fees associated with financial institutions in terms of personal banking needs.
5.15.9	Describe and demonstrate the steps involved in the bank reconciliation process.

	5.15.10	Compare and contrast the various forms of endorsement.
	5.15.11	Compare costs and benefits of online and traditional banking.
	5.15.12	Analyze privacy and security issues associated with financial transactions.
	5.15.14	Identify the functions of the Federal Reserve System.
USING CREDIT		
Topic 5.16	Analyze factors that affect the choice of credit, the cost of credit, and the legal aspects of using credit.	
Student Competencies		
	5.16.1	Determine advantages and disadvantages of using credit.
	5.16.2	Describe the process to establish credit.
	5.16.3	Evaluate the various methods of financing a purchase.
	5.16.4	Define interest as a cost of credit and explain why it is charged.
	5.16.5	Analyze credit card features and their impact on personal financial planning.
	5.16.6	Explain how the amount of principal, the period of the loan, and the interest rate affect the amount of interest charged.
	5.16.7	Explain why the interest rate varies with the amount of assumed risk.
	5.16.9	Explain the need for a sound credit rating.
	5.16.10	Calculate a payment schedule for a loan.
	5.16.11	Calculate interest based on various calculation methods.
	5.16.12	Describe how to improve one's credit score.
	5.16.13	Analyze various sources and types of credit (e.g., short and long-term) and related costs.
	5.16.14	Select an appropriate form of credit for a particular buying decision.
	5.16.15	Compare and contrast the various aspects of credit (e.g., APR, grace period, incentive buying, methods of calculating interest, and fees).
	5.16.16	Explain credit ratings and credit reports and describe why they are important to consumers.
	5.16.17	Describe the relationship between a credit rating and the cost of credit.
	5.16.18	Identify strategies for effective debt management.
	5.16.19	Analyze the sources of assistance for debt management.
	5.16.20	Research rights and responsibilities of consumers according to credit legislation (e.g., truth-in-lending, fair credit reporting, equal credit opportunity, and fair debt collection).
	5.16.21	Compare the legal aspects of different forms of credit (e.g., title transfer, responsibility limits, collateral requirements, and co-signing).
PROTECTING AGAINST RISK		
Topic 5.17	Analyze choices available to consumers for protection against risk and financial loss.	
Student Competencies		
	5.17.1	Explain how all types of insurance are based on the concept of risk sharing and statistical probability.
	5.17.2	Evaluate insurance as a risk management strategy.

	5.17.3	Identify the type of insurance associated with different types of risk (e.g., automobile, personal and professional liability, home and apartment, health, life, long-term care, disability).
	5.17.4	Explain why insurance needs change throughout the life cycle.
	5.17.6	Explain the role of insurance in financial planning as a wealth-building and wealth preservation tool.
	5.17.7	Explain the legal expectations for certain insurances (e.g., automobile, health, homeowners).
DEMONSTRATING KNOWLEDGE OF FINANCING POSTSECONDARY EDUCATION AND TRAINING		
Topic 5.18	Analyze choices and resources available to consumers for financing postsecondary education.	
	Student Competencies	
	5.18.1	Describe benefits, eligibility requirements, and tax implications of state-sponsored tax-advantage-qualified tuition plans as investment options for postsecondary education.
	5.18.2	Identify the multiple pathways to postsecondary education and career preparedness.
	5.18.3	Identify sources of postsecondary education funding.
	5.18.4	Identify the purpose of the Free Application for Federal Student Aid (FAFSA) to determine eligibility for grants, scholarships, and loans and the essential information needed to complete it.
	5.18.5	Describe types of scholarships and identify scholarship scams.
	5.18.6	Examine types of student loans, including federal and private, and identify the associated risks.
	5.18.7	Examine the requirements to remain eligible for financial aid.
	5.18.8	Describe types of aid which do not require repayment, including federal, state, and institutional grants.
	5.18.9	Explain repayment requirements and options for student loans.
	5.18.10	Describe the options for borrowers struggling to make payments and the consequences of failure to repay student loans.