**WHAT IS THE OPPORTUNITY COST OF ATTENDING ONE CLASS?**

Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Answer the questions below to calculate your opportunity cost. Give estimated amounts if you do not remember exact costs. Be sure to show your work.

1. What is the accounting or explicit cost of attending one class?

a. How much did you pay in tuition and fees for this course? Divide your total tuition and fees bill by the number of credit hours you are taking this semester and then multiply that amount by three. NOTE: Go ahead and include the total amount even if some or all of the tuition and fees were paid by a scholarship, grant, loan or someone else.

b. How much do you spend on your book?

c. Are there any other amounts you are spending this semester that you wouldn’t have to spend if you were not taking this class? Include only the extra amounts you have to spend on items like housing, food, transportation and long distance telephone charges. Divide the total amount by the number of credit hours you are taking this semester and then multiply that amount by three.

d. Add the amounts in parts a, b and c. This is the accounting cost of taking this course this semester.

e. How many classes are in this course this semester? Do not count final exam week, just the number of regularly offered classes.

 f. Divide part d by part e. This is your total accounting cost of attending one class.

2. What is the implicit cost of attending one class?

a. If you had decided not to take this course this semester, list five things you might have done instead. Do not count taking another class—only count things you would have done instead of going to school. Make sure that at least one of these is working at a job for wages. You might include working extra hours at a job you already have or working at a job that you could have taken if you weren’t in school.

b. Of the five activities listed in part a, which one has the highest value? Calculate an hourly value for this activity. Multiply this amount by the number of hours spent in one class. This is your implicit cost. HINT: We’ll assume that working for wages has a higher value than other activities such as sleeping.

3. What is your total opportunity cost of attending one class? Add the accounting and implicit costs.