TEKS Clarification

Social Studies

High School Courses, Economics with Emphasis on the Free Enterprise System and Its Benefits
2014 - 2015

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HIGH SCHOOL COURSES, ECONOMICS WITH EMPHASIS ON THE FREE ENTERPRISE SYSTEM AND ITS BENEFITS	
§118.3. Implementation of Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits, High School, Beginning with School Year 2011-2012. The provisions of §118.4 of this subchapter shall be implemented by school districts beginning with the 2011-2012 school year. *Source: The provisions of this §118.3 adopted to be effective August 23, 2010, 35 TexReg 7406; amended to be effective October 17, 2011, 36 TexReg 6948.* §118.4. Economics with Emphasis on the Free Enterprise System and Its Benefits, High School (One-Half Credit), Beginning with School Year 2011-2012.	
E.Intro.1	Economics with Emphasis on the Free Enterprise System and Its Benefits is the culmination of the economic content and concepts studied from Kindergarten through required secondary courses. The focus is on the basic principles concerning production, consumption, and distribution of goods and services (the problem of scarcity) in the United States and a comparison with those in other countries around the world. Students analyze the interaction of supply, demand, and price. Students will investigate the concepts of specialization and international trade, economic growth, key economic measurements, and monetary and fiscal policy. Students will study the roles of the Federal Reserve System and other financial institutions, government, and businesses in a free enterprise system. Types of business ownership and market structures are discussed. The course also incorporates instruction in personal financial literacy. Students apply critical-thinking skills using economic concepts to evaluate the costs and benefits of economic issues.
E.Intro.2	Students identify the role of the U.S. free enterprise system within the parameters of this course and understand that this system may also be referenced as capitalism or the free market system.
E.Intro.3	Economics with Emphasis on the Free Enterprise System and Its Benefits builds upon the foundation in economics and social studies laid by the social studies essential knowledge and skills in Kindergarten-Grade 12. The course will apply these skills to current economic situations. The content

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	enables students to understand the importance of patriotism, function in a free enterprise society, and appreciate the basic democratic values of our state and nation as referenced in the Texas Education Code (TEC), §28.002(h).
E.Intro.4	Students understand that a constitutional republic is a representative form of government whose representatives derive their authority from the consent of the governed, serve for an established tenure, and are sworn to uphold the constitution.
E.Intro.5	As referenced in House Bill 492, an act of the Texas Legislature signed into law in 2005, the concepts of personal financial literacy are to be mastered by students in order that they may become self-supporting adults who can make informed decisions relating to personal financial matters. These concepts are incorporated into the student expectations of Economics with Emphasis on the Free Enterprise System and Its Benefits: understanding interest, avoiding and eliminating credit card debt understanding the rights and responsibilities of renting or buying a home managing money to make the transition from renting a home to home ownership starting a small business being a prudent investor in the stock market and using other investment options beginning a savings program and planning for retirement bankruptcy types of bank accounts available to consumers and benefits of maintaining a bank account balancing a checkbook types of loans available to consumers and becoming a low-risk borrower understanding insurance charitable giving.
E.Intro.6	State and federal laws mandate a variety of celebrations and observances, including Celebrate Freedom Week.
E.Intro.7	Students identify and discuss how the actions of U.S. citizens and the local, state, and federal governments have either met or failed to meet the ideals espoused in the founding documents.
E.1	***Economics. The student understands the concepts of scarcity and opportunity costs. The student is expected to:***
E.1A	**Explain why scarcity and choice are basic economic problems faced by every society.** Explain SCARCITY AND CHOICE AS BASIC ECONOMIC PROBLEMS FACED BY EVERY SOCIETY Including, but not limited to: • Scarcity refers to a condition in which there are not enough resources available to produce everything that individuals demand. Scarcity is the single most important problem addressed by an economic system. • Because resources are limited and demands are unlimited, societies and individual must make choices about what to produce and what to consume. Economics is basically a study of how individuals, businesses and governments make choices about what to produce and what to consume.
E.1B	**Describe how societies answer the basic economic questions.**

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Describe

HOW SOCIETIES ANSWER THE BASIC ECONOMIC QUESTIONS

Including, but not limited to:

- What to produce? – This is a production choice influenced by consumer demand. What are you going to make with scarce resources?
- How to produce? – This is a resource choice. How much of each resource will be used? Will it be labor intensive or will it be capital intensive?
- How much to produce? – This is a production choice influenced by consumer demand. How much will you make with scarce resources?
- For whom to produce? – This is an allocation choice. Who gets the products after they are produced? How is this decided, by the government or in the marketplace?

E.1C

Describe the economic factors of production.

Describe

HOW SOCIETIES ANSWER THE BASIC ECONOMIC QUESTIONS

Including, but not limited to:

- Factors of production
  - Land – all natural resources, including oil, water, air, timber, animals, and minerals; extracting natural resources comes with costs
  - Labor – any human effort, physical or mental, that goes into producing goods and services, including marketing, distribution, and selling
  - Capital – man-made goods used in the production of goods and services, sometimes called capital goods (e.g., sewing machine used to make jeans); also the money used to purchase resources needed to produce goods and services
  - Entrepreneurship – individuals who introduce new ideas for creating new products or new ways to produce products

E.1D

Interpret a production-possibilities curve and explain the concepts of opportunity costs and scarcity.

Interpret

A PRODUCTION POSSIBILITY CURVE

Including, but not limited to:

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- Production possibility curve – economic model that shows various output combinations of two goods and demonstrates the concept of opportunity cost

Explain

CONCEPTS OF OPPORTUNITY COSTS AND SCARCITY

Including, but not limited to:

- Opportunity cost – opportunity cost refers to the value of goods and services that are given up in order to obtain an alternative good or service
- Every choice has an opportunity cost. In economic terms, the opportunities forgone in the choice of one expenditure over others. The concept of opportunity cost allows economists to examine the relative monetary values of various goods and services. Economic choices of what to consume or produce are influenced by opportunity cost.
- Scarcity – fundamental economic problem caused by unlimited wants, but limited resources

E.2 ***Economics. The student understands the interaction of supply, demand, and price. The student is expected to:***

E.2A **Understand the effect of changes in price on the quantity demanded and quantity supplied.**

Understand

EFFECT OF CHANGES IN PRICE ON QUANTITY DEMANDED AND QUANTITY SUPPLIED

Including, but not limited to:

- Price is the most important factor affecting a change in quantity demanded or quantity supplied
- Quantity demanded – amount of a product is demanded at a particular price- higher the price the lower the quantity demanded
- Quantity supplied **–** amount of a product supplied at a particular price; higher the price the higher quantity supplied

E.2B **Identify the non-price determinants that create changes in supply and demand, which result in a new equilibrium price.**

Identify

NON-PRICE DETERMINANTS THAT CREATE CHANGES IN SUPPLY AND DEMAND, AND PRICE WHICH RESULT IN A NEW EQUILIBRIUM PRICE

Including, but not limited to:

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- Determinants of supply and demand
  - Non-price determinants of demand – consumer income, consumer taste or preference, number of buyers, expectations of future prices or availability, and price changes of related goods (substitutes and complements)
  - Non-price determinants of supply – productivity, expectations of future price, taxes, subsidies, technology, cost of inputs, number of sellers, and government regulations
- Changes in supply or demand will change the equilibrium price.

E.2C

Interpret a supply-and-demand graph using supply-and-demand schedules.

Interpret

SUPPLY-AND-DEMAND GRAPH USING SUPPLY-AND-DEMAND SCHEDULE

Including, but not limited to:

- Supply-and-demand graph – visual representation of the relationship between price and quantity demanded
  - Price is measured on the vertical axis and quantity on the horizontal axis.
  - The demand curve has a negative slope that explains the relationship between price and quantity demanded. The supply curve has a positive slope that explains the relationship between price and quantity supplied.
  - The intersection of the demand and supply curves shows the equilibrium price and quantity.
- Supply schedule – a table that contains a column of prices and a column of quantity of a good, showing the relationship between the price and the quantity supplied at that price
- Demand schedule – a table that contains a column for prices and a column of quantity demanded, showing the relationship between price and quantity demanded

E.3

Economics. The student understands the reasons for international trade and its importance to the United States and the global economy. The student is expected to:

E.3A

Explain the concepts of absolute and comparative advantages.

Explain

ABSOLUTE AND COMPARATIVE ADVANTAGE

Including, but not limited to:

- Absolute advantage – given the same amount of resources, one country can produce more of a product than another country

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can. A country has an absolute advantage when it can produce more of a given product than other countries using a given amount of resources.

- Comparative advantage – given the same amount of resources, one country can produce a product with a lower opportunity cost than another country can. A country has a comparative advantage in the product that it can produce most efficiently given all of the products it could choose to produce.

E.3B

Apply the concept of comparative advantage to explain why and how countries trade.

Apply

CONCEPT OF COMPARATIVE ADVANTAGE

Explain

WHY AND HOW COUNTRIES TRADE

Including, but not limited to:

- Absolute and comparative advantage – international trade is based on resources or products which one country needs and another can provide. Each country must determine if it is reasonable to try to produce the product. To do so, the country assesses the opportunity cost, and if it is low, it may choose to produce instead of import. Therefore, countries specialize in the goods they can produce most efficiently.
- Gains from trade can be explained as follows: two people can each produce two goods, but have different opportunity costs for doing so. By each specializing in the good in which he or she has a comparative advantage and then trading, both individuals can end up with more goods than he or she could have produced individually.

E.3C

Analyze the impact of US imports and exports on the United States and its trading partners.

Analyze

IMPACT OF U.S. IMPORTS AND EXPORTS ON U.S. AND TRADING PARTNERS

Including, but not limited to:

- Major trading partners – Canada, Mexico, China, Japan, India (refer to current almanac for the latest data)
- Import – a good brought in from another country to sell
- Export – a good that is sent to another country to sell
- Specialization resulting from trade creates some jobs within the United States while eliminating others, thus boosting certain industries and regions of the country.

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- Data from the previous decades shows sectors of the U.S. economy can be compared with current data to identify industries that have grown and declined as international trade has increased. Projections can be made from the data and then examined against real-world events to assess how U.S. trading partners have been affected.

E.4 ***Economics. The student understands the issues of free trade and the effects of trade barriers. The student is expected to:***

E.4A **Compare the effects of free trade and trade barriers on economic activities.**

Compare

EFFECTS OF FREE TRADE AND TRADE BARRIERS ON ECONOMIC ACTIVITY

Including, but not limited to:

- Effects of free trade on economic activity
  - Free trade – the free flow of goods and services between countries without any barriers or restrictions
  - Allows for access to more markets.
  - Increased competition and elimination of businesses that are not competitive.
  - Lowers prices for consumers, because the cost of tariffs in not passed on to consumers.
  - Shift of jobs to cheaper labor markets, resulting in possible job losses and gains depending on the labor market.
  - By allowing each country to specialize in the goods it can produce cheaply and efficiently relative to other countries, free trade arrangements enable all countries to achieve higher real incomes.
- Effects of trade barriers on economic activity
  - Trade barriers – anything that prevents the free flow of goods and services coming into a country
  - Tariffs and quotas raise the prices of imported goods.
  - Subsidies lower the price of exported goods.
  - Trade barriers guide consumers toward domestically produced goods, which allows for protection of workers in those industries.
  - Trade barriers raise prices for consumers. By shielding industries from some foreign competition, trade barriers may slow improvements or innovations to lower costs.

E.4B **Evaluate the benefits and costs of participation in international free-trade agreements.**

Evaluate

BENEFITS AND COSTS OF FREE-TRADE AGREEMENTS

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Including, but not limited to:

- International free-trade agreements – an international free-trade agreement results from cooperation between at least two countries to reduce trade barriers and tariffs and to trade with each other. Free-trade agreements include:
  - NAFTA (North American Free Trade Agreement) (1994) – U.S., Mexico, and Canada agreed to phase out all tariffs on merchandise trade and to reduce restrictions on trade in services and foreign investment.
  - EU (European Union)
  - OPEC (Organization of Petroleum Exporting Countries)
- Benefits – promote greater trade among the parties, broadens the market, increases competition and specialization
- Costs – individual countries lose some autonomy in that they have to go along with policies of the agreement, whether individually advantageous or not. By excluding certain countries, these agreements may shift the composition of trade from low-cost countries that are not party to the agreement to high-cost countries that are. Some argue that such agreements serve the interests of multinational corporations and not workers.

E.4C

Analyze the effects of changes in exchange rates on imports and exports.

Analyze

EFFECTS OF CHANGES IN EXCHANGE RATES ON IMPORTS AND EXPORTS

Including, but not limited to:

- Balance of trade – nations seek to maintain a balance of trade with values of imports equal to exports. By balancing trade, a nation can protect the value of its currency on the international market. If a trade imbalance continues, with one country importing more than it is exporting, the value of its currency falls.
- Exchange rates – in international finance, foreign currency is called foreign exchange, and the currency is bought and sold on a foreign exchange market. The rate of exchange is based on the amount of foreign currency in circulation.
- If the American dollar appreciates against a foreign currency, the dollar gains purchasing power, making foreign goods less expensive at home and American goods more expensive overseas. American imports would increase.
- If the American dollar depreciates against a foreign currency, the dollar loses purchasing power, making foreign goods more expensive at home and American goods less expensive overseas. American exports would increase.
- Ex: In the 1980s, the United States imported considerably more than it exported, and the foreign exchange market was glutted with dollars. As the value of the dollar fell, the prices of imports increased and consumers paid more for the goods. The imbalance can be corrected by limiting imports or increasing the number and/or quality of exports. Both of these actions affect trading partners which may retaliate by raising tariffs. Maintaining a balance of trade requires international cooperation and fair trade. (from The Social Studies Center Glossaries)
- Ex: If the United States seeks to import Volvos from Sweden, the importer pays for the automobile with U.S. dollars. If the car

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costs 35,000 kroner (Swedish currency) but the U.S. dollar is worth six Swedish kroner, the Volvo costs approximately $5,100. As more U.S. currency enters the Swedish market, and as the demand for Volvos increases, the Swedish kroner become more valuable when compared to the U.S. dollar. Thus the foreign exchange rate changes from $1.00 = 6 K to $1.00 = 4.5 K. The car now costs an American importer approximately $7,000. (from The Social Studies Center Glossaries)

E.5 — ***Economics. The student understands free enterprise, socialist, and communist economic systems. The student is expected to:***

E.5A

Describe the basic characteristics of economic systems, including property rights, incentives, economic freedom, competition, and the role of government.

Describe

BASIC CHARACTERISTICS OF ECONOMIC SYSTEMS

Including, but not limited to:

- Property rights (private property rights) – the concept that people have the right and privilege of owning and controlling their possessions as they wish
- Incentives – an expectation that will encourage people to behave in a certain way (e.g., increase your productivity in hopes of increasing your wages)
- Economic freedom – the right to make your own economic decisions, such as choosing your own career
- Competition – the struggle among producers for consumers' business; competition gives us the best product at the lowest price
- Role of government – the government should protect property rights as expressed in the Constitution, but should not become too involved in the economy, taxation, fiscal policy; monetary policy affects businesses

E.5B

Compare the free enterprise system, socialism, and communism using the basic characteristics of economic systems.

Compare

FREE ENTERPRISE SYSTEM, SOCIALISM, AND COMMUNISM USING THE BASIC CHARACTERISTICS OF ECONOMIC SYSTEMS

Including, but not limited to:

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Characteristic	Free Enterprise	Socialism	Communism
Property rights	Individual	Collective	Government
Incentives	Profit		
Economic freedom	Total	Limited	None
Competition	Lots	Little	None
Role of the government	Little or none	Varies	Total

E.5C

Examine current examples of free enterprise, socialist, and communist economic systems.

Examine

CURRENT EXAMPLES OF FREE MARKET, SOCIALIST, AND COMMUNIST ECONOMIC SYSTEMS

Including, but not limited to:

- Free market examples – United States
- Socialist examples – Mozambique, Venezuela, Sweden
- Communist examples – North Korea, Cuba

E.5D

Understand that the terms free enterprise, free market, and capitalism are synonymous terms to describe the US economic system.

Understand

FREE ENTERPRISE, FREE MARKET, AND CAPITALISM ARE SYNONYMOUS TERMS TO DESCRIBE THE UNITED STATES ECONOMIC SYSTEM

Including, but not limited to:

- Free enterprise, free market, and capitalism

E.5E

Analyze the importance of various economic philosophers, including Friedrich Hayek, Milton Friedman, John Maynard Keynes, and Adam Smith, and their impact on the US free enterprise system.

Analyze

IMPORTANCE OF VARIOUS ECONOMIC PHILOSOPHERS AND THEIR IMPACT ON THE U.S. FREE ENTERPRISE SYSTEM

Including, but not limited to:

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- Friedrich Hayek – Austrian economist who believed very strongly in free markets. Best known as an advocate of what is now called Austrian Economics. In his book *The Road to Serfdom,* he defended classical liberalism and free-market capitalism against socialist and collectivist thought, expressing the idea that socialism and communism did not work. He was awarded the Nobel Memorial Prize in Economic Sciences in 1974. In 1988, Hayek published his final book *The Fatal Conceit: The Errors of Socialism*, in which he laid out how socialism had to fail. This became reality when events in the next few years confirmed Hayek's theories. Hayek is considered one of the most important economists and political philosophers of the twentieth century.
- Milton Friedman – economist who held a political philosophy that extolled the virtues of a free market economic system with little intervention by government. Believed in the Monetarist view of the economy that holds that the supply of money in the economy is important, but it should be allowed to grow at the same rate as the economy without the Federal Reserve Bank increasing or decreasing the money supply. He felt that the government should not play a large role in the economy and that many times the cause of instability was the interference by the Federal Reserve Bank or the government.
- John Maynard Keynes – British economist who wrote during the Great Depression and whose ideas have profoundly affected the theory and practice of modern macroeconomics, as well as the economic policies of governments. He greatly refined earlier work on the causes of business cycles and advocated the use of fiscal and monetary measures to mitigate the adverse effects of economic recessions and depressions. In his book *The General Theory of Employment Interest and Money*, Keynes laid out what he felt caused the depression and the role the government should take to correct this instability. His idea about the increased role of government in the economy was very radical for the times and it changed popular thinking regarding the role of government.
- Adam Smith – known as the father of capitalism, he expressed his theories in the book *Wealth of Nations* and is credited with being the first to examine the importance of the division of labor and worker productivity and for advancing the idea that free markets thrive on the basis of mutual self-interest (the idea of self-interest and the invisible hand). Smith believed the government should play a very small role in the economy; he believed in the idea of laissez-faire.

E.6 — ***Economics. The student understands the basic characteristics and benefits of a free enterprise system. The student is expected to:***

E.6A — **Explain the basic characteristics of the US free enterprise system, including private property, incentives, economic freedom, competition, and the limited role of government.**

Explain

THE BASIC CHARACTERISTICS OF THE U.S. FREE ENTERPRISE SYSTEM

Including, but not limited to:

- Private property – property that is owned by private individuals or private businesses as opposed to government ownership

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- Incentives – an expectation that encourages people to behave in a certain way (e.g., production of goods and services to make profit)
- Economic freedom – the ability to make your own economic decisions (e.g., the right to choose your own occupation, and consumer choice)
- Competition – the struggle among producers for consumers and businesses; competition fosters the best product at the lowest price
- Limited role of government – government protection of property rights as expressed in the Constitution

E.6B

Explain the benefits of the US free enterprise system, including individual freedom of consumers and producers, variety of goods, responsive prices, investment opportunities, and the creation of wealth.

Explain

BENEFITS OF U.S. FREE ENTERPRISE SYSTEM

Including, but not limited to:

- Freedom of consumers – consumers have the ability to purchase the goods and services they choose, making their wishes known to producers through voluntary transactions.
- Freedom of producers – can produce what they want in order to respond to consumer demand and make a profit.
- Variety of goods – the free enterprise system produces a wide variety of goods and services to meet consumers' wants and needs.
- Responsive prices – prices in a free enterprise system respond to changes in supply and demand, thus signaling producers and directing resources to respond to consumer demand.
- Investment opportunities – businesses can redirect resources from being consumed today in order to create benefits in the future.
- Creation of wealth – sale of goods and services along with investment allows for profit and accumulation of wealth.

E.6C

Analyze recent changes in the basic characteristics of the US economy.

Analyze

RECENT CHANGES IN THE BASIC CHARACTERISITICS OF THE UNITED STATES ECONOMY

Including, but not limited to:

- Examples:
  - Outsourcing

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- The "Bush" tax cuts
- Healthcare reform
- Changing role of government
- Influence of international trade and relations with other countries

E.6D

Analyze the costs and benefits of US economic policies related to the economic goals of economic growth, stability, full employment, freedom, security, equity (equal opportunity versus equal outcome), and efficiency.

Analyze

COSTS AND BENEFITS OF U.S. ECONOMIC POLICIES RELATED TO ECONOMIC GOALS

Including, but not limited to:

- Monetary Policy – refers to the changes made in the money supply in order to affect economic growth, employment, and prices
- Fiscal Policy – refers to use of government spending and taxing to affect economic growth, employment and prices
- Costs and Benefits
  - Inflationary or deflationary price effects
  - Job creation and job losses
  - Incentives to invest or to divest

E.7

Economics. The student understands the right to own, use, and dispose of private property. The student is expected to:

E.7A

Analyze the costs and benefits of the purchase, use, or disposal of personal and business property.

Analyze

THE COST AND BENEFITS OF THE PURCHASE, USE, OR DISPOSAL OF PERSONAL AND BUSINESS PROPERTY

Including, but not limited to:

- Costs of the purchase, use or disposal of property
  - Opportunity cost of what was not purchased
  - Associated costs with upkeep of property
  - Possible loss of value of property and loss at time of sale
- Benefits of the purchase, use or disposal of property
  - Ability to customize the property to preferences and needs

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	◦ Potential profit at sale ◦ Can use property as a collateral asset to obtain loans
E.7B	**Identify and evaluate examples of restrictions that the government places on the use of business and individual property.** Identify, Evaluate EXAMPLES OF GOVERNMENT RESTRICTIONS ON USE OF BUSINESS AND INDIVIDUAL PROPERTY Including, but not limited to: • Zoning laws, ordinances regulating noise, building safety and sanitation, preservation of historic buildings • Evaluate using a local or current example
E.8	***Economics. The student understands the circular-flow model of the economy. The student is expected to:***
E.8A	**Interpret the roles of resource owners and firms in a circular-flow model of the economy and provide real-world examples to illustrate elements of the model.** Interpret ROLES OF RESOURCE OWNERS AND FIRMS IN A CIRCULAR-FLOW MODEL OF THE ECONOMY Provide REAL-WORLD EXAMPLES Including, but not limited to: • Circular-flow model – a visual representation showing the relationship between the factor market (where income is obtained) and the product market (where income is used to make purchases). The model is used to show the interdependent relationship of buyers and sellers within a market and the flow of money. • Resource owners and firms play the role of producing and selling in the model in order for income to be generated for households. • Real world examples ◦ Daniel applies for an after-school job at a restaurant. This is the supplying of labor in the factor market; his wages will be a cost to a business, and income to a household.

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- Daniel uses some of his earnings to buy tennis shoes at the mall. This is the purchase of goods in the product market; the payment for the shoes is revenue to a business, and consumption spending for a household.
- A farmer sells his crop of corn in the factor market. A processing company buys it and turns it into packages of frozen corn. The packages of corn are then purchased by households to feed their families.

E.8B

Explain how government actions affect the circular-flow model.

Explain

HOW GOVERNMENT ACTIONS AFFECT THE CIRCULAR-FLOW MODEL

Including, but not limited to:

- Government can be added to the circular-flow model as both a producer and consumer.
- Purchases goods and services in the product market
- Purchases factors of production in the product market
- Furnishes goods and services
- Collects taxes from both households and businesses
- Transfers money to households and businesses

E.8C

Explain how the circular-flow model is affected by the rest of the world.

Explain

HOW THE CIRCULAR-FLOW MODEL IS AFFECTED BY THE REST OF THE WORLD

Including, but not limited to:

- Markets have become world-wide, so imports and exports broaden how far both money and products travel.

E.9

Economics. The student understands types of market structures. The student is expected to:

E.9A

Describe characteristics and give examples of pure competition, monopolistic competition, oligopoly, and monopoly.

Describe, Give examples

PURE COMPETITION, MONOPOLISTIC COMPETITION, OLIGOPOLY, MONOPOLY

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Including, but not limited to:

- Pure competition – there are no examples of a pure competition, although market gardeners and truck farmers operate in a market which is close to it. Pure (perfect) competition is characterized by four conditions:
  - Large number of independent buyers and sellers
  - Identical products
  - Buyers and sellers are well-informed
  - Buyers and sellers are free to enter or get out of business
- Monopolistic competition – many competing producers sell products that are differentiated from one another; the products are substitutes, but, with differences such as branding, are not exactly alike (e.g., breakfast cereal, fast food industry, grocery chain, bubble gum). Monopolistic competition is the closest to pure competition. It has four conditions:
  - A large number of sellers
  - Low barriers to entering the market
  - Little control by sellers over price
  - Some ability of firms to differentiate their products
- Oligopoly – ex: automotive industry (GM, Ford, Chrysler), airline industry (American, Southwest), soft drink industry (Coca-Cola, Pepsi). Conditions of an oligopoly are:
  - A few sellers
  - High barriers to entering the market
  - Some control over price
  - Some product differentiation
- Monopoly – ex: producers of electricity are close to monopolizing the market. Conditions of monopoly are:
  - One seller
  - Complete barriers to entering the market
  - Complete control over price
  - No product differentiation
- Types of monopolies
  - Natural monopolies
  - Technological monopolies
  - Government-created monopolies

E.9B	**Identify and evaluate ordinances and regulations that apply to the establishment and operation of various types of businesses.**

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Identify, Evaluate

ORDINANCES AND REGULATIONS FOR ESTABLISHING AND OPERATING BUSINESSES

Including, but not limited to:

- U.S. Small Business Administration resource guides summarizing types of regulations that an entrepreneur must learn and comply with.
- State and local ordinances

E.10 — ***Economics. The student understands key economic measurements. The student is expected to:***

E.10A — **Interpret economic data, including unemployment rate, gross domestic product, gross domestic product per capita as a measure of national wealth, and rate of inflation.**

Interpret

ECONOMIC DATA

Including, but not limited to:

- Unemployment rate – the number of people over 16 who do not have a job and are actively seeking employment
- Gross domestic product – the dollar value of all final goods produced within the U.S. borders during one year
- Gross domestic product per capita – the dollar value of all final goods produced within a nation's borders during one year, divided by the population
- National wealth – the total value of wealth possessed by a nation's citizens at a set point of time. This includes all wealth and all goods produced from any economic activity
- Inflation – a rise in the general level of prices in an economy

E.10B — **Analyze business cycles using key economic indicators.**

Analyze

BUSINESS CYCLES AND KEY ECONOMIC INDICATORS

Including, but not limited to:

- Business cycle – an observable pattern in the fluctuations of economic activity experienced over time, as indicated by output, employment, and prices. Generally the fluctuations range from expansion to recession.
  - Expansionary periods of the business cycle are distinguished by low inflation, low unemployment, increased industrial

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production and increased sales.
  - Recessionary periods of the business cycle are distinguished by high inflation, high unemployment, decreased industrial production and decreased sales.
- Economic indicators
  - Inflation – an increase in the general level of prices over a period of time
  - Unemployment – the number of people who are without a job and actively seeking employment
  - Retail sales – the total amount of sales for retail goods over a specified period of time
  - GDP – the dollar value of all final goods produced within a nation's borders during one year
  - Housing starts – the number of new houses being constructed

E.11	***Economics. The student understands key components of economic growth. The student is expected to:***
E.11A	**Analyze how productivity relates to growth.** Analyze HOW PRODUCTIVITY RELATES TO GROWTH Including, but not limited to: • Productivity – refers to an economic measure that shows changes in output per worker hour from one year to the next. Productivity reflects the amount of capital and labor used to produce revenues and inventories. High productivity results in economic growth with high employment and low inflation, while slower productivity indicates slower growth, high unemployment and high inflation.
E.11B	**Analyze how technology relates to growth.** Analyze How technology relates to growth Including, but not limited to: • Improvements in technology generally affect productivity, which affects growth.
E.11C	**Analyze how trade relates to growth.**

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Analyze

HOW TRADE RELATES TO GROWTH

Including, but not limited to:

- International trade allows a nation to shift their production possibility curve outward and have more goods and services without adding additional resources (without new technology), simply using resources more efficiently.

E.12	***Economics. The student understands the role of money in an economy. The student is expected to:***
E.12A	**Describe the functions of money.** Describe FUNCTIONS OF MONEY Including, but not limited to: • Medium of exchange – what people are willing to accept in exchange for goods and services • Standard of value or measure of value – allows people to compare the values of goods and services using prices • Store of value – allow people to save for future consumption
E.12B	**Describe the characteristics of money, including commodity money, fiat money, and representative money.** Describe CHARACTERISTICS OF MONEY Including, but not limited to: • Commodity money – items that value in themselves other than being used as a monetary unit (e.g., gold, tobacco, salt) • Representative money – items that have no value in themselves, but can be exchanged for something of value (e.g., gold certificates, silver certificates, checks) • Fiat money – money that has value simply because the government has decreed it to be an acceptable means to pay debts (e.g., Federal reserve Notes)
E.12C	**Examine the positive and negative aspects of barter, currency, credit cards, and debit cards.**

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Examine

POSITIVE AND NEGATIVE ASPECTS OF BARTER, CURRENCY, CREDIT CARDS AND DEBIT CARDS

Including, but not limited to:

	Positive Aspects	Negative Aspects
Barter	No cash needed, trade	Limited by what is available and by what is desired
Currency	Most widely accepted	Limited amount
Credit Cards	Can purchase without having enough cash	Can overextend, repayment problems
Debit Cards	Same as cash	Limited to what you have in the bank

E.13 ***Economics. The student understands the role of the Federal Reserve System in establishing monetary policy. The student is expected to:***

E.13A **Explain the structure of the Federal Reserve System.**

Explain

STRUCTURE OF THE FEDERAL RESERVE SYSTEM

Including, but not limited to:

- Board of Governors – 7-member board that oversees the Federal Reserve System, appointed by the President and approved by the Senate for 14-year terms; headed by the Chairman.
- Federal Open Market Committee (FOMC) – the Federal Reserve committee oversees the buying and selling of government securities. This affects the interest rates and the supply of money in the economy.
- Federal Reserve Districts – the 12 banking districts created by the Federal Reserve Act of 1913. Each district has a Federal Reserve Bank; they operate semi-independently of each other.

E.13B **Analyze the three basic tools used to implement US monetary policy, including reserve requirements, the discount rate and the federal funds rate target, and open-market operations.**

Analyze

BASIC TOOLS USED TO IMPLEMENT U.S. MONETARY POLICY

Including, but not limited to:

- Reserve requirement – the percentage of deposits that the Federal Reserve requires banks to hold back and not lend out
- Discount rate – the interest rate that the Federal Reserve charges commercial banks for loans

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	• Federal funds rate – the interest rate that banks charge other banks for loans, usually overnight loans • Federal funds rate target – the rate the FOMC sets as a target or guideline for the federal funds rate • Easy money policy – policy used by the Federal Reserve to counteract unemployment; decrease reserve requirement, decrease discount rate, and buy securities on the open market • Tight money policy – policy used by the Federal Reserve to counteract inflation; increase reserve requirement, increase discount rate, and sell securities on the open market
E.13C	**Explain how the actions of the Federal Reserve System affect the nation's money supply.** Explain HOW THE ACTIONS OF THE FEDERAL RESERVE SYSTEM AFFECT THE NATION'S MONEY SUPPLY Including, but not limited to: • Reserve requirement – if the reserve requirement is raised, banks must keep more money in reserves, and less money is available to be loaned out. If the reserve requirement is lowered, the nation's money supply increases. Of the three tools of the Fed for monetary policy, this is used least often. • Open market transactions – the selling of securities reduces the money supply, the buying of securities raises the money supply. This is the most commonly used tool of the Fed for monetary policy. • Discount rate – raising the discount rate will reduce the money supply; lowering the discount rate increases the money supply.
E.13D	**Analyze the decline in value of the US dollar, including the abandonment of the gold standard.** Analyze THE DECLINE IN VALUE OF THE U.S. DOLLAR Including, but not limited to: • The abandonment of the gold standard – money supply no longer backed by gold; money backed by the strength of the government or fiat money • Gold standard – a monetary system in which the paper money and coins are backed by an equal amount of gold.
E.14	***Economics. The student understands the role that the government plays in the U.S. free enterprise system. The student is expected to:***

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E.14A

Identify economic concepts in the US Constitution, including property rights and taxation.

Identify

ECONOMIC CONCEPTS IN THE U.S. CONSTITUTION

Including, but not limited to:

- Property rights – the ability of individuals to own property and profit from this ownership; Fifth Amendment requirement of "just compensation" for property taken by the government
- Taxation – the right of the government to impose mandatory payments from individuals and businesses; Article 1, Section 8, Clause 1: gives Congress the power to collect taxes; Sixteenth Amendment allows for Congress to collect an income tax

E.14B

Describe the role of government in the US free enterprise system and the changes in that role over time.

Describe

ROLE OF GOVERNMENT IN THE U.S. FREE ENTERPRISE SYSTEM AND THE CHANGES IN THAT ROLE OVER TIME

Including, but not limited to:

- Role of government:
  - Promote and encourage efficient competition by:
    - Preventing monopolies and stopping anticompetitive practices
    - Ensuring that market participants have access to truthful information
    - Resolving the effects of externalities, such as environmental conditions
    - Fulfilling the need for public goods, such as highways, military
  - Regulate industries for the health and safety of the public
  - Minimize the effects of business cycles in an effort to achieve stable economic growth
- Changes over time:
  - New regulations
  - Deregulation
  - Consumer protection

E.14C

Evaluate government rules and regulations in the US free enterprise system.

Evaluate

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GOVERNMENT RULES AND REGULATIONS IN THE U.S. FREE ENTERPRISE SYSTEM

Including, but not limited to:

- Rules and regulations are created to protect individuals and businesses
- Assess the benefits of economic regulations against their costs

E.15 ***Economics. The student understands the economic impact of fiscal policy decisions at the local, state, and national levels. The student is expected to:***

E.15A **Identify types of taxes at the local, state, and national levels and the economic importance of each.**

Identify

TYPES OF TAXES AND ECONOMIC IMPORTANCE OF EACH

Including, but not limited to:

- Taxes – local, state, and national governments generate revenue by charging taxes. A tax levied on a person's earnings is an income tax. Income taxes provide the largest source of revenue to the national government. A general revenue tax levied on the manufacture or sale of items such as cigarettes, gasoline, or alcohol is called an excise tax. Property tax is levied on property owners in local communities to pay for expenses of providing services, including street construction or maintenance. School tax is also collected on the local level to help pay for public education.
  - Progressive tax – the tax rate (or the percentage of income) increases as the income increases (e.g., Federal Income Tax)
  - Regressive tax – the tax rate (or the percentage of income) decreases as income increases (e.g., sales tax, Social Security tax)
  - Proportional tax – the tax rate stays the same for all income levels (e.g., proposed flat tax)
  - Tariffs are another form of tax levied against importers of goods.
  - Some goods and income are tax-exempt (not subject to a local, state, or federal tax)
- Types of local taxes – property taxes, sales taxes, franchises taxes, hotel taxes, fines, licenses, and permits
- Types of state taxes – sales tax, vehicles sales/rental tax, motor fuels tax, franchise tax, insurances taxes, oil and gas production tax
- Types of national taxes – individual income tax, Social Security and Medicare taxes, corporate income taxes, excise taxes
- Economic importance of taxes
  - Local – taxes provide the local governing bodies the money necessary to operate and provide needed goods and services (government, education)
  - State – for every dollar a state spends, it must take in a dollar in revenue (a balanced budget is required in Texas and most other states). Taxes give the state government the money necessary to operate and provide needed goods and services.

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- National – taxes provide the federal government the money necessary to operate and provide needed goods and services.

E.15B

Analyze the categories of revenues and expenditures in the US federal budget.

Analyze

CATEGORIES OF REVENUES AND EXPENDITURES IN THE U.S. FEDERAL BUDGET

Including, but not limited to:

- Revenue categories
  - individual income taxes
  - Social Security/Social Insurance
  - corporate income taxes
  - excise taxes
- Expenditure categories (from The Budget for Fiscal Year 2010, Historical Tables, http://www.gpoaccess.gov/usbudget/)
  - General government
  - Defense and international
  - Net interest
  - Federal payments for individuals (Social Security, Medicare, other)
  - Other federal expenditures
  - State and local

E.15C

Analyze the impact of fiscal policy decisions on the economy.

Analyze

IMPACT OF FISCAL POLICY DECISIONS ON THE ECONOMY

Including, but not limited to:

- Fiscal policy – the government policy of taxing (revenue) and spending to correct an instability in the economy
- Two branches of fiscal policy- demand side and supply side
  - Demand side
  - Expansionary fiscal policy – used in the recession phase of the business cycle to deal with the problem of unemployment; involves increasing government spending or decreasing taxes, or a combination of the two
  - Contractionary fiscal policy – used in the expansion phase of the business cycle when inflation is the problem; involves

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decreasing government spending or increasing taxes, or a combination of both

- Supply side – developed in the 1980's to deal with problem of stagflation; sometimes called Reaganomics. The goal is to increase aggregate supply or production, decrease taxes, and decrease government spending, especially on entitlements; overall less government in the economy

E.16	***Personal financial literacy. The student understands types of business ownership. The student is expected to:***
E.16A	**Explain the characteristics of sole proprietorships, partnerships, and corporations.** Explain CHARACTERISTICS OF SOLE PROPRIETORSHIPS, PARTNERSHIPS, CORPORATIONS Including, but not limited to: • Sole proprietorship – enjoys the rights to all profits and bears the responsibility for all debts and liability • Partnership – in the most common type of partnership, a general partnership, the owners have unlimited liability for all debts and obligations of the firm. Partners share financial and legal responsibilities for the business, and the business legally ceases to exist if one of the partners leaves the firm. • Corporation – a corporation has many of the legal rights of an individual, including the right to enter into contracts and the right to sue or be sued. Corporations are subject to more regulations, but have a broader set of means for raising money than sole proprietorships or partnerships do, such as selling stock and issuing bonds. Those seeking to form a corporation seek permission from the state. The business can continue even if the ownership changes.
E.16B	**Analyze the advantages and disadvantages of sole proprietorships, partnerships, and corporations.** Analyze ADVANTAGES AND DISADVATAGES OF SOLE PROPRIETORSHIPS, PARTNERSHIPS, CORPORATIONS Including, but not limited to:

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	Advantages	Disadvantages
Sole proprietorship	• easy to start up and manage • enjoys the rights to all profits • lack of special taxes	• unlimited liability for all debts and obligations • difficult to raise financial capital • difficult to attract qualified employees
Partnership	• easy to start up • lack of special taxes • easier to attract financial capital and qualified workers because of its larger size	• limited life of the partnership • unlimited liability for all debts and obligations • potential for conflict among partners
Corporation	• easy to attract financial capital by selling stocks and bonds • limited liability for debts and responsibilities of the firm • can hire professionals to run the firm • unlimited life of the firm	• expensive to obtain the charter necessary to incorporate • owners and stockholders have little control over the operations of the business • double taxation of corporate profits • subject to government regulation

E.16C

Analyze the economic rights and responsibilities of businesses, including those involved in starting a small business.

Analyze

ECONOMIC RIGHTS AND RESPONSIBILITIES OF BUSINESSES

Including, but not limited to:

- Rights of businesses – to participate in markets for the purpose of exchanging goods and services. These rights are defined and protected by the government.
- Responsibilities of businesses – to engage in fair labor practices and fair competition
- Right and responsibilities for those starting a small business are the same as any business, but the failure rate is 50% in the first five years.

E.16D

Explain how corporations raise money through stocks and bonds.

Explain

HOW CORPORATIONS RAISE MONEY

Including, but not limited to:

- Stocks – a certificate of ownership in a corporation
- Bonds – a formal contract to repay borrowed money and interest on the borrowed money at regular intervals
- Corporations issue both stocks and bonds as a way to generate money.

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E.17	***Personal financial literacy. The student understands the role of financial markets/institutions in saving, borrowing, and capital formation. The student is expected to:***
E.17A	**Explain the functions of financial institutions and how they affect households and businesses.** Explain FUNCTIONS OF FINANCIAL INSTITUTIONS AND HOW THEY AFFECT HOUSEHOLDS AND BUSINESSES Including, but not limited to: • Financial institutions act as intermediaries between savers and borrowers. They offer a convenient and safe way for people to store money, and with depositors' funds, they provide commercial loans, personal loans, mortgages, and issue credit cards. • Enable households and businesses to earn a return on their savings, while providing necessary funds for businesses to use for capital investment • Provide loans, so families and businesses can purchase what they need
E.17B	**Explain how the amount of savings in an economy is the basis of capital formation.** Explain HOW THE AMOUNT OF SAVINGS IN AN ECONOMY IS THE BASIS OF CAPITAL FORMATION Including, but not limited to: • Capital formation – expansion of capital or capital goods, through savings or through investment. More money in savings leads to more resources for business investment, rather than individual consumption
E.17C	**Analyze the role of interest and risk in allocating savings to its most productive use.** Analyze THE ROLE OF INTEREST AND RISK IN ALLOCATING SAVINGS TO ITS MOST PRODUCTIVE USE Including, but not limited to: • Role of interest – the higher the interest rate offered for savings, the more money will be available for savings; the lowering the interest rate lowers the amount of money available for saving • Role of risk – the higher the risk, the higher the interest

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E.17D

Examine the types of accounts available to consumers from financial institutions and the risks, monetary costs, and benefits of maintaining these accounts.

Examine

TYPES OF ACCOUNTS AVAILABLE TO CONSUMERS FROM FINANCIAL INSTITUTIONS AND THE RISKS, MONETARY COSTS, AND BENEFITS OF MAINTAINING THESE ACCOUNTS

Including, but not limited to:

	Risks	Costs	Benefits
Checking accounts	insured	fees (lower, or none with minimum balance)	don't have to carry cash
Savings accounts	insured	makes your money less accessible	earn interest
Certificates of deposits	insured	money tied up for a period of time, penalty for withdrawal	earn higher interest
Money Market funds	insured	lower interest than CDs	higher interest than savings, no time frame
IRA accounts	insured	rules and penalties for early withdrawal	tax advantages
Mutual funds	not insured	fees, can lose money, taxable	safer than stocks, experts choose the companies

E.18

Personal financial literacy. The student understands the role of individuals in financial markets. The student is expected to:

E.18A

Assess ways to be a wise investor in the stock market and in other personal investment options.

Assess

WAYS TO BE A WISE INVESTOR IN THE STOCK MARKET AND IN OTHER PERSONAL INVESTMENT OPTIONS

Including, but not limited to:

- Identify and distinguish ways that an investment can grow over time
  - Interest income
  - Dividend income
  - Rising market price
- Identify and distinguish types of risk to money invested in a potentially wealth-building asset
  - Risk of decline in value – the company whose stock is purchased may realize lower-than-expected earnings or fall short of projected growth, causing the market price of its shares to drop.
  - Risk of lost purchasing power – if savings do not grow at least as fast as the rate of inflation, the saver loses purchasing power.
  - Risk of failure or default – the issuer of a corporate bond could fail to repay the original amount, leading to complete loss of the investment.

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- Risk of illiquidity – savings placed in an inaccessible or illiquid form of investment may not be easily convertible into cash if needed unexpectedly.
- Identify factors that will help determine an investor's tolerance for risk, including:
  - Overall net worth
  - Age (distance to retirement)
  - Family responsibilities
  - Earnings power
- Explain and illustrate the concept of diversification, and how diversifying one's investments can lower risk

E.18B

Explain how to begin a savings program.

Explain

HOW TO BEGIN A SAVINGS PROGRAM

Including, but not limited to:

- Set goals
- Study income and expenditures compared to goals
- Investigate investment opportunities
- Set a plan to achieve goals

E.18C

Examine investment options available in a personal retirement plan.

Examine

INVESTMENT OPTIONS AVAILABLE IN A PERSONAL RETIREMENT PLAN

Including, but not limited to:

- Mutual funds
- Stocks
- Bonds
- 401(k)
- IRA

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E.18D

Demonstrate how to maintain a checking account, including reconciling a bank statement.

Demonstrate

HOW TO MAINTAIN A CHECKING ACCOUNT

Including, but not limited to:

- Balancing a checkbook entails
  - Enter starting balance for the month
  - Record in the "Payment or Withdrawal" column any transaction that removes money from your account, including: (a) checks written; (b) ATM withdrawals; (c) teller withdrawals at the bank; (d) electronic transfers made (such as automatic payment of monthly bills); and (e) fees charged by the bank
  - Record in the "Deposit or Interest" column any transaction that adds money to the account, including deposits made and interest paid by the bank
  - Add everything from the "Deposit or Interest" column to the starting balance, then subtract everything from the "Payment or Withdrawal" column
- Reconciling a bank statement by comparing an account balance against a monthly statement.

E.18E

Identify the types of loans available to consumers.

Identify

TYPES OF LOANS AVAILABLE TO CONSUMERS

Including, but not limited to:

- Open-end credit – a line of credit that can be used repeatedly, within an established borrowing limit. (e.g., credit card, home-equity line of credit) Finance charges apply to the unpaid balance.
- Closed-end credit – a loan for a set amount that requires regular payments at certain intervals. (e.g., vehicle loan, student loan, mortgage) Finance charges are agreed upon at the start of the loan.
- Secured loans – a loan that is obtained by offering an asset as collateral to ensure repayment of the loan. Default on the loan results in loss of the asset. (e.g., vehicle loan, mortgage)
- Unsecured loans – a loan that is obtained without the use of collateral. Default results in collections and possible lawsuit. (e.g., payday loans, student loans, credit cards)

E.18F

Explain the responsibilities and obligations of borrowing money.

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	Explain RESPONSIBILITIES AND OBLIGATIONS OF BORROWING MONEY Including, but not limited to: • Responsibilities and obligations – have to research terms (amount borrowed, interest rate, term, payment schedule, total payments) offered to get best deal; have to make payments according to schedule
E.18G	**Develop strategies to become a low-risk borrower by improving one's personal credit score.** Develop STRATEGIES TO BECOME A LOW-RISK BORROWER BY IMPROVING ONE'S PERSONAL CREDIT SCORE Including, but not limited to: • Pay bills on time • Keep credit card balances low • Keep unused accounts open • Only apply for credit when needed • Shop around for best rates • Correct inaccuracies on credit report • Avoid excess credit inquiries • Avoid bankruptcy • Avoid consolidating balances • Negotiate with creditors
E.19	***Personal financial literacy. The student applies critical-thinking skills to analyze the costs and benefits of personal financial decisions. The student is expected to:***
E.19A	**Examine ways to avoid and eliminate credit card debt.** Examine WAYS TO AVOID AND ELIMINATE CREDIT CARD DEBT Including, but not limited to: • Avoid credit card debt – buy what you can afford. Pay off any credit purchases each month to avoid fees and interest charges.

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If charges carryover to next month, pay more than the minimum.

- Eliminate credit card debt – stop using credit cards. Pay more than the minimum. Do the math and lay out a plan. Stick to the plan's budget.

E.19B

Evaluate the costs and benefits of declaring personal bankruptcy.

Evaluate

COSTS AND BENEFITS OF DECLARING PERSONAL BANKRUPTCY

Including, but not limited to:

- Costs
  - Huge drop in credit score
  - Effects on record for 7-10 years
  - Automatic rejection for future credit
  - Still have to repay part of debt
  - Secured debt (mortgage, car) not discharged in bankruptcy
  - Could lose personal property
  - Could affect future employment, housing
  - Fees for attorneys, trustee, court
- Benefits
  - Can help with problems arising from sudden or unexpected catastrophe
  - Can lower payments
  - Can stop collection effort

E.19C

Evaluate the costs and benefits of buying insurance.

Evaluate

COSTS AND BENEFITS OF BUYING INSURANCE

Including, but not limited to:

- Costs
  - Money out of pocket
  - Might not need it or use it

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- Difficulty of comparing plans
- Benefits
  - Legal requirements (e.g., auto insurance)
  - Coverage of unexpected expenses
  - Some plans build equity to borrow against
  - Possible tax credit to cover insurance premium

E.19D

Evaluate the costs and benefits of charitable giving.

Evaluate

COSTS AND BENEFITS OF CHARITABLE GIVING

Including, but not limited to:

- Costs
  - Money out of pocket
  - Time
- Benefits
  - Tax deductions
  - Helping society
  - Feel good

E.20

Personal financial literacy. The student understands how to provide for basic needs while living within a budget. The student is expected to:

E.20A

Evaluate the costs and benefits of renting a home.

Evaluate

COSTS AND BENEFITS OF RENTING A HOME

Including, but not limited to:

- Costs of renting
  - Abiding by requirements of the lease
  - Opportunity cost of not building equity from property ownership

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- Subject to possible rent increases
- Benefits of renting
  - Maintenance and upkeep costs are responsibility of the landlord
  - Easier mobility in terms of relocation
  - Payment of property taxes is indirect

E.20B

Evaluate the costs and benefits of buying a home.

Evaluate

COSTS AND BENFITS OF BUYING A HOME

Including, but not limited to:

- Costs of buying a home
  - Large capital outlay to obtain a loan
  - Obligations to pay property taxes and insurance
  - Long term economic commitment to repay a mortgage
  - Costs of repairs and maintenance
  - Potential homeowner association fees
- Benefits of buying a home
  - Potential to accumulate equity and capital gains at the time of sale
  - Tax deductions for mortgage interest and property taxes
  - Ability to customize the property to owner likes and needs

E.20C

Assess the financial aspects of making the transition from renting to home ownership.

Assess

FINANCIAL ASPECTS OF MAKING THE TRANSITION FROM RENTING TO HOME OWNERSHIP

Including, but not limited to:

- Compare the benefits of renting and owning; consider situations when owning or renting could be appropriate (e.g., long term v. short term housing needs; market conditions)
- Monetary requirements for owning a home; plan to achieve requirements, including savings plan
- Personal net worth – assets minus liabilities; net worth changes over time

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E.21	***Personal financial literacy. The student understands the various methods available to pay for college and other postsecondary education and training. The student is expected to:***
E.21A	**Understand how to complete the Free Application for Federal Student Aid (FAFSA) provided by the United States Department of Education.** Understand HOW TO COMPLETE THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA) PROVIDED BY THE UNITED STATES DEPARTMENT OF EDUCATION
E.21B	**Research and evaluate various scholarship opportunities such as those from state governments, schools, employers, individuals, private companies, nonprofits, and professional organizations.** Research, Evaluate SCHOLARSHIP OPPORTUNITIES Including, but not limited to: • State governments • Schools • Employers • Individuals • Private companies • Nonprofits • Professional organizations
E.21C	**Analyze and compare student grant options.** Analyze, Compare STUDENT GRANT OPTIONS Including, but not limited to: • Federal Pell Grants • Federal Supplemental Educational Opportunity Grants

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	• Teacher Education Assistance for College and Higher Education Grants • Iraq and Afghanistan Service Grants
E.21D	**Analyze and compare student loan options, including private and federal loans.** Analyze, Compare STUDENT LOAN OPTIONS Including, but not limited to: • Private loans • Federal loans
E.21E	**Research and evaluate various work-study program opportunities.** Research, Evaluate WORK-STUDY PROGRAM OPPORTUNITIES • Awarded to students who demonstrate financial need. Provides part time employment at no lower than the federal minimum wage.
E.21F	**Investigate nontraditional methods of paying for college or postsecondary education and training.** Investigate NONTRADITIONAL METHODS OF PAYING FOR COLLEGE OR POSTSECONDARY EDUCATION AND TRAINING
E.22	***Social studies skills. The student applies critical-thinking skills to organize and use information acquired from a variety of valid sources, including electronic technology. The student is expected to:***
E.22A	**Analyze economic information by sequencing, categorizing, identifying cause-and-effect relationships, comparing, contrasting, finding the main idea, summarizing, making generalizations and predictions, and drawing inferences and conclusions.** Analyze

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	INFORMATION Including, but not limited to: • Sequencing • Categorizing • Cause-and-effect relationships • Comparing and contrasting • Finding the main idea/summarizing • Making generalizations and predictions • Drawing inferences and conclusions
E.22B	**Create economic models, including production-possibilities curves, circular-flow charts, and supply-and-demand graphs, to analyze economic concepts or issues.** Create ECONOMIC MODELS TO ANALYZE ECONOMIC CONCEPTS OR ISSUES Including, but not limited to: • Production-possibilities curves • Circular-flow charts • Supply-and-demand graphs
E.22C	**Explain a point of view on an economic issue.** Explain POINT OF VIEW ON AN ECONOMIC ISSUE
E.22D	**Analyze and evaluate the validity of economic information from primary and secondary sources for bias, propaganda, point of view, and frame of reference.** Analyze, Evaluate VALIDITY OF ECONOMIC INFORMATION FROM PRIMARY AND SECONDARY SOURCES Including, but not limited to:

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	• Bias • Propaganda • Point of view • Frame of reference
E.22E	**Evaluate economic data using charts, tables, graphs, and maps.** Evaluate ECONOMIC DATA Including, but not limited to: • Charts • Tables • Graphs • Maps
E.22F	**Use appropriate mathematical skills to interpret economic information.** Use APPROPRIATE MATHEMATICAL SKILLS TO INTERPRET ECONOMIC INFORMATION
E.23	***Social studies skills. The student communicates in written, oral, and visual forms. The student is expected to:***
E.23A	**Use economic-related terminology correctly.** Use ECONOMIC-RELATED TERMINOLOGY CORRECTLY
E.23B	**Use standard grammar, spelling, sentence structure, and punctuation.** Use STANDARD GRAMMAR, SPELLING, SENTENCE STRUCTURE, PUNCTUATION

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E.23C	**Transfer information from one medium to another, including written to visual and statistical to written or visual, using computer software as appropriate.** Use COMPUTER SOFTWARE Transfer INFORMATION FROM ONE MEDIUM TO ANOTHER Including, but not limited to: • Written to visual • Statistical to written or visual
E.23D	**Create written, oral, and visual presentations of economic information.** Create PRESENTATIONS OF ECONOMIC INFORMATION Including, but not limited to: • Written presentation • Oral presentation • Visual presentation
E.23E	**Attribute ideas and information to source materials and authors.** Attribute IDEAS AND INFORMATION TO SOURCE MATERIALS AND AUTHORS
E.24	***Social studies skills. The student uses problem-solving and decision-making skills, working independently and with others, in a variety of settings. The student is expected to:***

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E.24A	**Use a problem-solving process to identify a problem, gather information, list and consider options, consider advantages and disadvantages, choose and implement a solution, and evaluate the effectiveness of the solution.**
	Use
	PROBLEM-SOLVING PROCESS
	Including, but not limited to:
	• Steps of the problem-solving process
	  ◦ Identify a problem
	  ◦ Gather information
	  ◦ List and consider options
	  ◦ Consider advantages and disadvantages
	  ◦ Choose and implement a solution
	  ◦ Evaluate the effectiveness of the solution

E.24B	**Use a decision-making process to identify a situation that requires a decision, gather information, identify options, predict consequences, and take action to implement a decision.**
	Use
	DECISION-MAKING PROCESS
	Including, but not limited to:
	• Steps in a decision-making process
	  ◦ Identify a situation that requires a decision
	  ◦ Gather information
	  ◦ Identify options
	  ◦ Predict consequences
	  ◦ Take action to implement a decision

Bold black text in italics: Knowledge and Skills Statement (TEKS); **Bold black text: Student Expectation (TEKS)**
Blue text: Supporting information / Clarifications from TCMPC (Specificity)
Black text: Texas Education Agency (TEA)

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