

**Lesson Plan:**           **Human Capital: Investing in Yourself for Your Future**

**Objective:**           To introduce students to the concept of human capital and to assist them in developing their own, personal plan for investing in themselves

**Materials:**           There are four pieces to this lesson:

- This detailed outline and delivery sequence document.
- A presentation to assist in delivering the lesson to students.
- A warm-up or “hook” activity to get students engaged in the lesson (see Appendix A: *Who Am I?*).
- An *Exit Ticket* activity to produce a deliverable customized by each student.

A pad of sticky notes will be needed for the *Who Am I?* activity.

Students will each need a 3” x 5” index card for *Exit Ticket* activity.

Below is a detailed outline and delivery sequence to guide the instructor in leading discussions.

## Detailed Outline and Suggested Delivery

A presentation file accompanies this outline for instructors to use when leading the discussion about human capital.

What do students think they'll do after high school?

- Go to work?
- Pursue a career?
  - Further their education to prepare for the career?
- Go to college?

Is getting a job the same as starting a career?

- What exactly *is* a job?
  - A paid, regular position that requires work be done in exchange for payment
  - Provides income to meet basic needs
  - Do most jobs entail a long-term sense of commitment?
  - Do most jobs become a life's passion?
  - Do most jobs provide a sense of personal satisfaction?
- What is a career?
  - A profession or vocation pursued as one's life work that usually provides income along with:
    - Personal satisfaction
    - Personal growth
    - Opportunities for advancement in the field
    - Opportunities to challenge and better one's self
- Conduct the *Who Am I?* activity (see Appendix A).

Can the economy be a challenge when trying to find work?

- How might prevailing labor market conditions help or hinder the search?
- When the supply of workers is greater than the number of jobs available...
  - Will employers be choosier about the skills they require?
  - Will the starting pay offered be higher or lower?
- What about when there are more jobs than qualified workers?

What challenges or obstacles might a young person looking for a job encounter that would make it more difficult to land a job?

- Child labor laws
  - Go to [www.youthrules.dol.gov/index.htm](http://www.youthrules.dol.gov/index.htm) and look under the *Know the Rules* tab for special rules for: youth under age 14; 14- and 15-year-olds; and 16- and 17-year-olds.

- How might these laws make it more difficult to find a job?
  - Employers might be reluctant to hire young workers because of restrictions on the hours they can work and the type of jobs they may do.
- Lack of experience

What challenges or obstacles might a young person looking to start a career encounter that would make it more difficult to obtain that first career position?

- Legal restrictions
  - Is there a license or other certification required to qualify for a position?
- Lack of skills/training
  - Are there any skills that must be demonstrated or training that must be successfully completed?
- Lack of experience
  - Might a young person be competing with older, more qualified and/or more experienced candidates?

### **Human Capital**

Find out what students consider to be “capital.”

- Usually they find capital to be synonymous with cash or money.
- Capital can be any asset with value.
- In general, capital is any resource of value available for use.

Now, see if students can extrapolate the definition of capital into the definition of human capital: the combined value of a person’s assets available for use to secure and succeed in a job, career or other endeavor.

- Also known as human resources, an individual’s human capital is of great interest to an employer, both during an employment interview and after the individual is hired.
- The more human capital an individual possesses, the more attractive that individual will be to a prospective employer.
- An individual’s human capital consists of his/her:
  - Education
  - Experience
  - Proven skills
  - Training

We’ll come back to experience, proven skills and training in a bit. But what about education level?

- Do you think the level of education a candidate or an existing employee has attained is a valuable asset under the human capital list?
- Look at the list of careers we came up with during the *Who Am I?* activity.
  - Do any of those careers require an advanced education level beyond high school? Most of them? All of them?

- Do you think a person's education level affects earnings? How so?

**Table 232. Mean Earnings by Highest Degree Earned: 2009**

[In dollars. For persons 18 years old and over with earnings. Persons as of March 2010. Based on Current Population Survey; see text, Section 1 and Appendix III. For definition of mean, see Guide to Tabular Presentation]

Characteristic	Total persons	Mean earnings by level of highest degree (dollars)							
		Not a high school graduate	High school graduate only	Some college, no degree	Associate's	Bachelor's	Master's	Professional	Doctorate
All persons <sup>1</sup> . . . . .	42,469	20,241	30,627	32,295	39,771	56,665	73,738	127,803	103,054

Source: U.S. Census Bureau. To find this data, follow this link: [Census Data on Earnings vs. Educational Attainment](#).

- Some careers require a college degree (bachelor's or better). Is it any surprise these are high-paying career positions?
- According to the table, on average, a person with a bachelor's degree makes \$26,000 more per year than a person with only a high school diploma. If they both work for 20 years, how much more, total, will the college grad make than the high school grad?
- Opportunity costs: Every choice comes at a cost.
  - If you have \$20 in your pocket and you have been planning on visiting your favorite restaurant to have a great dinner but some friends invite you to join them in seeing a movie, you have a choice to make.
    - Choose to see the movie, and you give up the dinner.
    - Choose the dinner you have been dreaming of, and you miss the movie.
    - The opportunity cost of the movie is the dinner, and the opportunity cost of the dinner is the movie.
  - An opportunity cost is the value of the best alternative given up by making a choice.
  - Have students give other examples of opportunity costs

- Consider Susan and Jacob...

Susan and Jacob have been good friends since middle school. As sophomores in high school, they started earning money by baking and selling cookies at school during lunches. Now, as seniors, they have expanded their business and also make cupcakes and other desserts and sell them at weekend events held around town—doing pretty well, too.

Susan has her heart set on being a doctor, specifically a pediatrician. Upon graduation, Susan knows she has a long road ahead of her with four years of college followed by several years of medical school and interning. Jacob, however, has no interest in going to college. He enjoys having money in his pocket and, once he graduates, wants to work full time to grow the business.

Susan knows she is postponing making money for 10 years or more and at the same time borrowing money to pay for school. She knows she will become a doctor someday and will start with a large debt to repay. However, this career is her dream, and once established, she will be earning a handsome sum as a pediatrician, which will allow her to eventually pay off her school loans.

Jacob doesn't see the point. Why not start earning money *now*? Why would anyone want to go deep into debt instead of putting money in their pocket?

So, Susan and Jacob have very different views on the value of a higher education and seem to be on a path to making very different decisions about what they'll do with their futures.

- Objectively and separately, examine the choices each student is making and determine the opportunity costs each will be paying.
- Try to put some numbers to each student's choice.
  - Use the table of Mean Annual Earnings by Highest Educational Level Attained, and use a rough estimate of \$35,000/year borrowed for each year of school.
  - Where will each student be in:
    - 5 years?
    - 10 years?
    - 15 years?
    - 20 years?
    - 25 years?

Year	Jacob	Susan
	<b>\$30,627 annually</b>	<b>\$127,803 annually</b>
5	\$153,135	- \$175,000
10	\$306,270	- \$350,000
15	\$459,405	\$289,015
20	\$612,540	\$928,030
25	\$765,675	\$1,567,045

- If Susan and Jacob are both 18 years old when they graduate and both work until age 65, in your opinion, who comes out ahead? Don't forget the definitions of job and career.

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	<b>\$30,627 annually</b>	<b>\$127,803 annually</b>
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20	\$612,540	\$928,030
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...	...	...
<b>47</b>	<b>\$1,439,469</b>	<b>\$4,378,711</b>

- Susan out earns Jacob by more than three times as much, even after postponing earning income for 10 years while she studies and after paying back \$350,000 in loans.
- What about job satisfaction?
- What about:
  - Personal satisfaction?
  - Personal growth?
  - Opportunities for advancement in the field?
  - Opportunities to challenge and better one's self?

- Experience, proven skills and training

You may have heard what sounds like a paradox from a frustrated job interviewee: “I was perfect for the job, but the interviewer said she was looking for someone with experience. I can’t get a job without experience, but I can’t get experience without a job!”

The truth is, somewhere there is an employer willing to take on a person without prior work experience if convinced the interviewee can handle the position. It is the interviewee’s task to convince the interviewer he/she is ready for the challenge and is willing and eager to learn. Bringing human capital into the interview can go a long way toward convincing this prospective employer of that. While it is true one cannot show prior experience in a position until one has held that position, it is possible to show skills, preparation and training that can convince the interviewer to take a chance on a new employee.

- Join clubs/organizations while still in high school:
  - Student council
  - Future Business Leaders of America is a nonprofit education association made up of students pursuing careers in business or business education.
  - Distributive Education Clubs of America (DECA) is an international association of high school and college students and teachers focusing on entrepreneurship, marketing, finance, hospitality and management.
  - Rotary International is a service organization that brings together business and professional leaders in order to provide humanitarian services, encourage high ethical standards in all vocations, and help build goodwill and peace in the world.
- Take classes at a local community college and/or reputable trade school. This can be an excellent way to build human capital. It shows interest and initiative above and beyond what is required. Classes, seminars and workshops work best if they are specialized.
- Prior to searching for a position, a candidate might take on an internship in a firm doing the kind of work the candidate will soon be seeking.
  - Some intern positions are paid; some are not. In either case, this piece of human capital shows an interest in the field and some level of experience in an actual work environment.
  - A recommendation from the intern’s supervisor can go a long way toward convincing an interviewer that the candidate is ready to take on the job as an employee.
- Some part-time work can also count as human capital. If the part-time work is in the field or related to the field, an interviewer might view the experience as relevant to skill production and preparation.
- Another way to gain experience is to volunteer. Valuable experience can be gained from doing a job even as a volunteer and shows initiative to take on such a roll and learn what the job is all about.

### **Exit Activity**

- The *Exit Ticket* activity (see presentation file) asks students to create a business card to describe themselves once they have achieved their professional goals.

## **Appendix A:**

“Who Am I?” Activity

## Who Am I?

### Materials

A pad of sticky notes.

### Procedure

- Begin by writing an occupation on each sticky note (a sample list is included below, or the class may generate its own list).
- Move around the room and stick an occupation on each student's back. This way, everyone will know a student's occupation *except* the student wearing it.
- When everyone has been assigned an occupation, explain the rules:
  1. When a cue is given, everyone will get up and speak to a classmate.
  2. You are allowed to ask questions about the occupation on your back as long as the answer to the question can be answered with a YES or NO answer.
  3. If the answer you receive is YES, you may ask another question.
  4. Keep asking questions *until* you receive a NO answer.
  5. Once you get that NO, stop asking questions and allow your classmate a turn to ask you questions about their occupation.
  6. Once you have both received a NO, it's time for you to move to another person and start asking questions again.
  7. Keep asking questions until you think you know for sure what occupation is taped on your back.
- A lot of information can change hands in a short period of time. The instructor may want to limit the time for this Q & A to five minutes or so.
- When the time is up, the instructor asks students to organize themselves into two groups in separate parts of the room.

*"If you think the occupation you have is a job, please stand over here.*

*If you think the occupation is a career, please stand over there."*
- Ask students then to tell everyone what occupation they think they are wearing. Ask them why they chose job or career. Then, have someone remove the sticker from their back, hand it to them and see if they are correct.

### Sample Occupations

<b>Jobs</b>	<b>Careers</b>
Bus Driver	College Professor
Taxi Driver	Dentist
Limo Driver	High School Teacher
Lawn Maintenance Worker	Optometrist
Cashier	Attorney
Stock Clerk	Commercial Pilot
Pizza Maker	Dental Hygienist
Toll Booth Attendant	Surgeon
Babysitter	Architect
Maid	Engineer
Dishwasher	Registered Nurse
Waiter	Banker
<b>Could Be a Matter of Opinion</b>	
Auto Mechanic	
Flight Attendant	
Heavy Equipment Operator	
Interstate Truck Driver	
Boat Captain	
Fisherman	