

## Module 52 Defining Profit

**Discussion:** Brainstorm the costs of going to college.

**Example:** calculating explicit and implicit costs of attending college

Explicit cost	Implicit cost	Total opportunity cost (Note: all cost are opportunity cost!)
Tuition \$7,000	Foregone salary \$35,000	
Books/supplies \$1,000		
Home computer/laptop \$1,500		
Total explicit cost= \$9,500	Total implicit cost=\$35,000	$(\$9,500 + \$35,000) = \$44,500$

### The cost of an educated woman having a child

It has been estimated that the total cost of a college-educated couple to have a child is \$1 million over the child's lifetime.

Foregone promotions at work (implicit cost)

Expenses for baby's room (explicit cost)

Loss of experience at work (implicit cost)

Depreciation of work skills (implicit cost)

Food and clothing for the child (explicit cost)

Babysitting fees (explicit cost)

Preschool expenses (explicit cost)

Doctor visits/medical expenses (explicit cost)