

Potential Economic Impacts of Improved Education on California

Approximately one-third of the students who enter ninth grade each year drop out of school; that's over a million each year. Another third of students graduate without the knowledge and skills necessary for success in college or the workplace. These individuals are likely to face serious economic challenges throughout their lives, but the country's low graduation rate also has a negative economic impact on communities, states, and the nation.

To help policymakers and the public understand the extent of the economic costs to society of an educational system that is serving two-thirds of its students poorly, the Alliance for Excellent Education conducted national and state-level analyses of some of the economic and social benefits of increasing high school graduation rates. The Alliance's analyses are based on a number of national research studies and the methodology, along with figures for all fifty states and the District of Columbia, are detailed in a series of briefs available at http://www.all4ed.org/publication_material/issue_policy_briefs. The data and assumptions are not necessarily consistent across different research studies so the figures should not be added together. The "total" economic impact is not a sum of the numbers presented here.

These figures help illustrate the potential economic benefits to individuals and the state of investing in an improved high school system that better prepares all high school students for graduation.

- More than 175,000 students did not graduate from California's high schools in 2009; the lost lifetime earnings in California for that class of dropouts alone are more than \$45.5 billion.
- California would save more than \$2.3 billion in health care costs over the course of the lifetimes of each class of dropouts had they earned their diplomas.
- California households would have over \$9.2 billion more in accumulated wealth if all heads of households had graduated from high school.
- More than \$101 billion would be added to California's economy by 2020 if students of color graduated at the same rate as white students.
- If California's high schools graduated all students ready for college, the state would save almost \$687.9 million a year in community college remediation costs and lost earnings.
- California's economy would see a combination of savings and revenue of about \$1.1 billion in reduced crime spending and increased earnings each year if the male high school graduation rate increased by just 5 percent.

