



The Economic Benefits from Halving the Dropout Rate

A BOOM TO BUSINESSES IN THE NATION'S LARGEST METROPOLITAN AREAS

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Frequently Asked Questions

Q: Why will reducing the dropout rate have a positive financial impact on local businesses?

A: By not earning a diploma, individuals are likely to earn significantly less money over their lifetime. When compounded by the thousands of local students who drop out from a single high school class, these lost wages amount to millions of dollars that would likely have been spent at local businesses. In addition, local governments—most of which are facing serious financial shortfalls— will likely benefit significantly from the additional tax revenue that will result from the increases in earning and spending.

Q: How were the economic benefits calculated?

A: These findings were obtained by analyzing regional economies through the use of an economic model created by Economic Modeling Specialists Inc. (EMSI), an Idaho-based economic firm specializing in socioeconomic impact tools. See the technical notes (<http://www.all4ed.org/files/TechnicalNotes.pdf>) for more information on the model and the analysis that yielded the findings.

Q: How are you defining a particular metropolitan area?

A: The metropolitan areas used in this analysis are based on metropolitan statistical areas (MSAs), which are geographic areas defined by the federal government. An MSA contains one or more central urban areas and the surrounding counties that have strong social and economic ties to those cities. MSAs range in size from one county to twenty, or more.

Q: I live near one of the cities included in this analysis; how do I know if I live within its MSA?

A: The U.S. Census Bureau publishes a list of MSAs and the counties that are included in each. To see if your city or county falls within an MSA included in this analysis, visit the Census Bureau's website at <http://www.census.gov/population/www/metroareas/metrodef.html>.

Q: Where did the other information on my metropolitan area come from?

A: Sources for the information on high schools and dropouts are included in the technical notes (<http://www.all4ed.org/files/TechnicalNotes.pdf>.)

Q: I cannot find economic benefits for where I live; why is this?

A: Economic benefits were projected for the metropolitan areas that include the fifty most populous cities in the country. The Alliance for Excellent Education expects to add to the initial list in the near future.

Q: Why is my city combined with another city in this analysis?

A: In several cases, two or more of the fifty largest cities fall within the same MSA. Because the local economies of these cities are very closely linked, it was not possible to conduct separate benefit analyses for each of them.

Q: How precise are the economic benefit projections?

A: These findings are based on the most current information available and are comparable to results from similar studies that forecast the economic impact of education on the state and national levels. It is particularly difficult to forecast precise values of economic benefits. However, the Alliance for Excellent Education is confident that these figures fall within the range of benefits that each region could expect to see.

Q: There are many ways to calculate high school dropout and graduation rates; how were the numbers used in this analysis calculated?

A: Counts of dropouts for each MSA were calculated by Editorial Projects in Education's (EPE) Research Center using the Cumulative Promotion Index method. More information on EPE's method for calculating dropout counts is available in the technical notes (<http://www.all4ed.org/files/TechnicalNotes.pdf>). The Cumulative Promotion Index was used in this analysis because it is the only available method that allows for a universal comparison of dropout counts across districts and states.

Historically, graduation and dropout rates have been inconsistent, misleading, and incomparable. The Alliance for Excellent Education supports the movement toward common calculations of graduation rates using longitudinal data. By 2011, all states will have to report graduation rates using a common calculation, known as the four-year adjusted cohort rate, as outlined in regulations finalized by the U.S. Department of Education in 2008. The Alliance looks forward to using this data in future analyses and projects. To learn more about these issues and the new regulations, see the Alliance's 2009 publication *Every Student Counts: The Role of Federal Policy in Improving Graduation Rate Accountability*.

Q: May I post these findings on my website or refer them in my work?

A: The Alliance for Excellent Education encourages the use of this information to underscore the link between education and the economy. However, please credit the Alliance for Excellent Education when doing so.

If you do not see your question or you would like further explanation for any of the questions answered above, please email localbenefits@all4ed.org.

