



## The Economic Benefits of Reducing the Dropout Rate: Iowa City, Iowa Metropolitan Area

In the Iowa City metropolitan area, an estimated 200 students dropped out from the Class of 2008 at great cost not only to themselves but also to their communities. Reducing the number of dropouts by 50 percent for this single high school class would result in tremendous economic benefits to the Iowa City region. Below, see the likely contributions<sup>1</sup> that these 100 “new graduates” would make to their regional economy:

- This single class of new graduates would likely earn as much as **\$1.8 million** in combined earnings in the average year compared to their likely earnings without a diploma.
- Increased earnings would likely allow new graduates to spend an additional **\$1.2 million** and invest an additional **\$400,000** during the average year.
- By the midpoint of their careers, these new graduates would likely purchase homes totaling a value of as much as **\$3.4 million** more than what they otherwise would have spent without a diploma. In addition, they would likely spend up to an additional **\$100,000** on vehicle purchases each year.
- This additional spending and investment would likely be enough to support **10** new jobs and increase the gross regional product by as much as **\$1.9 million** by the time these new graduates reach the midpoint of their careers.
- As a result of increased wages and higher levels of spending, state and local tax revenues within this region would likely grow by as much as **\$300,000** during the average year.
- After earning a high school diploma, **57 percent** of these new graduates would likely continue on to pursue some type of postsecondary education.

The Iowa City metro area includes the city and two surrounding counties. It is home to seven high schools, none of which are considered among the nation’s lowest-performing high schools, i.e., schools where fewer than 60 percent of freshmen progress to their senior year on time. Fourteen percent of high school students in the region do not graduate on time with a regular diploma.

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<sup>1</sup> These figures represent estimates of gross benefits to the regional economy and are not intended to reflect the net impact of additional graduates.



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