

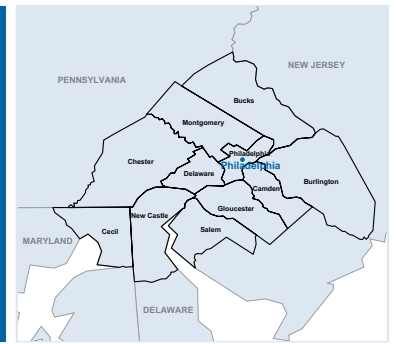
# The Economic Benefits from Halving Philadelphia's Dropout Rate

## A BOOM TO REGIONAL BUSINESSES

*"The best economic stimulus package is a high school diploma."*

GOVERNOR BOB WISE  
PRESIDENT, ALLIANCE FOR EXCELLENT EDUCATION

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In the Philadelphia metropolitan area, an estimated 16,400 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 Philadelphia region. Below, see the likely contributions<sup>1</sup> that these 8,200 "new graduates" would make to their regional economy:

**\$125 MILLION  
IN INCREASED  
EARNINGS**



This single class of new graduates would likely earn as much as **\$125 million** in combined earnings in the average year compared to their likely earnings without a diploma.

**INCREASED  
HOME SALES  
OF \$294 MILLION  
AND AUTO SALES  
OF \$10 MILLION**



By the midpoint of their careers, these new graduates would likely purchase homes totaling a value of as much as **\$294 million** more than what they otherwise would have spent without a diploma. In addition, they would likely spend up to an additional **\$10 million** on vehicle purchases each year.

**\$18 MILLION IN  
INCREASED TAX  
REVENUE**



As a result of increased wages and higher levels of spending, state and local tax revenue within this region would likely grow by as much as **\$18 million** during the average year.

**AN ADDITIONAL \$83  
MILLION IN SPENDING  
AND \$32 MILLION  
IN INVESTING**



Increased earnings would likely allow new graduates to spend an additional **\$83 million** and invest an additional **\$32 million** during the average year.

**900 NEW JOBS  
AND ECONOMIC  
GROWTH OF  
\$159 MILLION**



This additional spending and investment would likely be enough to support **900** new jobs and increase the gross regional product by as much as **\$159 million** by the time these new graduates reach the midpoint of their careers.

**INCREASED  
HUMAN  
CAPITAL**



After earning a high school diploma, **65 percent** of these new graduates would likely continue on to pursue some type of postsecondary education.

### Every Student Counts

Moving even just one student from dropout status to graduate status will make positive contributions to a local economy. This box offers a scaled-back look at the figures presented to the left, projecting the likely benefits if just 1,000 local dropouts had graduated. These 1,000 new graduates would likely

- earn **\$15 million** in additional earnings each year;
- spend an additional **\$1.2 million** each year purchasing vehicles and, by the time they reach the midpoint of their careers, would buy homes worth **\$36 million** more than what they would likely have spent without a diploma; and
- support **110** new jobs in the region, increase the gross regional product by **\$19 million**, and pour an additional **\$2.2 million** annually into state and local coffers, all through their increased spending and investments.

### About the Philadelphia Metro Area

- Philadelphia's metro area includes the city and eleven surrounding counties (see map above).
- The Philadelphia metro area is home to 196 high schools. Forty-one of these are considered dropout factories, i.e., schools where fewer than 60 percent of freshmen progress to their senior year on time.
- Twenty-three percent of high school students in the region do not graduate on time with a regular diploma.

<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.