

The Economic Benefits of Education

More Education Improves National and State Economy

- The longer individuals spend in education, the more likely they are to be in employment and earn more. Nearly 75% of countries with the greatest increase in the percentage of young people with college degrees also showed higher incomes and lower unemployment.¹
- Each graduate provides a “public gift” worth \$127,000. By cutting high school dropouts in half, America saves \$45 billion annually.²
- The return investment on education is 2.5 times the cost.³
- Education levels are linked to salaries, tax revenue, and productivity. One study found that cutting state K-12 spending by \$1 per \$1,000 could reduce income by 3.2 percent.⁴
- Increasing spending on education balances economic inequalities and reduces poverty.⁵

Education Increases Civic Participation

- At every age, those with more education are more likely to vote.⁶
- Those with more education are more likely to volunteer.⁷

More Learning Results in More Earnings

- Compared to a high school dropout, a high school graduate is more than three times as likely to earn an income of at least \$75,000 a year, and three times as likely to earn at least six figures.⁸
- A high school graduate will earn an average of 1.4 times the annual full-time salary of a high school dropout; a person with some college will earn 1.75 times, and a four-year degree 3 times as much as the dropout.⁹

Education Moves Citizens from Welfare Recipients to Productive Citizens

- High school graduates need 40% less welfare.¹⁰
- The unemployment rate of high school dropouts (over 25 in 2006) was 6.8%, which is more than 3 times the rate for that of a college graduates.¹¹
- Dropouts cost society up to \$8,000 more in average welfare and aid than high school graduates (for African-American males, for white females, the difference is \$1,615).¹²

Education Lowers Crime Costs

- Incarceration is on average \$22,650 per year.¹³
- States spend on average 3 times more per prisoner than per public school student.¹⁴
- The death rate for high school dropouts is 2.5 times higher than for graduates.¹⁵

Education Lowers Health Care Costs

- People with more education are more likely to be in good health than people of similar age but less education.¹⁶
- Among Americans over 65, just 26 percent of dropouts, but 40 percent of high school graduates and 55 percent of college graduates report excellent or very good health.¹⁷

¹ Organization for Economic Co-Operation and Development, *Education at Glance* (2007).

<http://www.oecd.org/dataoecd/60/47/39311361.pdf>

² Center for Benefit-Cost Studies of Education at Teachers College, Columbia University, *The Costs and Benefits of an Excellent Education for All of America's Children* (2007), http://www.cbcs.org/media/download_gallery/Leeds_Report_Final_Jan2007.pdf.

³ *Id.*

⁴ National Education Association, *The K-12 Education in the U.S. Economy. Its Impact on Economic Development, Earning and Housing Values*. (2004). <http://www.nea.org/edstats/images/economy.pdf>

⁵ National Education Association, *The Effects of State Public K-12 Education Expenditures on Income Distribution* (2004).

<http://www.nea.org/edstats/images/expenditures.pdf>

⁶ Baum and Pavea (2004) Education Pays. Citing U.S. Census Bureau, 2002b, Table 5.

⁷ Baum and Pavea (2004) Education Pays. Citing Bureau of Labor Statistics, 2003.

⁸ U.S. Census Bureau, Historical Income Tables. Census 2005 figures at http://pubdb3.census.gov/macro/032005/perinc/new03_010.htm

⁹ U.S. Census Bureau, Historical Income Tables. “Educational Attainment--People 25 Years Old and Over

by Mean Income and Sex: 1991 to 2006.” Table P-18 at <http://www.census.gov/hhes/www/income/histinc/p18.html>.

¹⁰ *The Costs and Benefits of an Excellent Education for All of America's Children* at

http://www.cbcs.org/media/download_gallery/Leeds_Report_Final_Jan2007.pdf



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¹¹ National Center for Education Statistics, Digest of Education Statistics 2007. Table 369, “Unemployment Rate of persons 16 years old and over, by age, sex, race/ethnicity, and educational attainment: 2004, 2005, and 2006” at

http://nces.ed.gov/programs/digest/d07/tables/dt07_369.asp?referrer=list

¹² Baum and Pavea (2004) Education Pays. citing Vernez, Krop and Rydell (1999) Closing the Education Gap: Benefits and Costs. Santa Monica, California: RAND

¹³ Children’s Defense Fund, *America’s Cradle to Prison Pipeline* (2007).

¹⁴ *Id.* at 20.

¹⁵ Center for Labor Market Studies, Northwestern University, *Youth labor market and education indicators for the state of Illinois*. Chicago, IL: Alternative Schools Network (2003).

¹⁶ Baum and Pavea (2004) Education Pays. Citing NCES, 2004, Indicator 12 (based on National Health Interview Survey, National Center for Health Statistics, 2001).

¹⁷ Baum and Pavea (2004) Education Pays. Citing NCES, 2004, Indicator 12 (based on National Health Interview Survey, National Center for Health Statistics, 2001).