

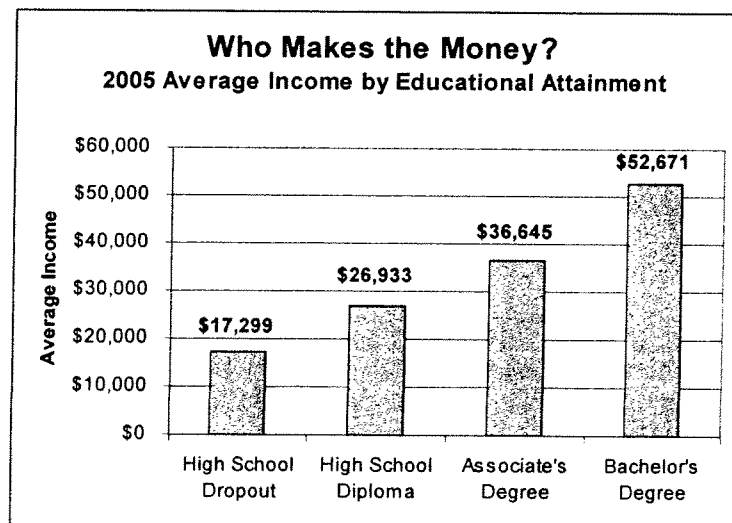
The High Cost of High School Dropouts What the Nation Pays for Inadequate High Schools

Every school day, almost seven thousand students become dropouts. Annually, that adds up to about 1.2 million students who will not graduate from high school with their peers as scheduled. Lacking a high school diploma, these individuals will be far more likely to spend their lives periodically unemployed, on government assistance, or cycling in and out of the prison system.

Most high school dropouts see the result of their decision to leave school most clearly in the slimmess of their wallets. The average annual income for a high school dropout in 2005 was \$17,299, compared to \$26,933 for a high school graduate, a difference of \$9,634 (U.S. Bureau of the Census, 2006). The impact on the country's economy is less visible, but it is nevertheless staggering.

If the nation's secondary schools improved enough that they were able to graduate all of their students, rather than the 70 percent of students that are currently graduated annually (Editorial Projects in Education, 2007), the payoff would be significant. **For instance, if the students who dropped out of the class of 2007 had graduated, the nation's economy would have benefited from an additional \$329 billion in income over their lifetimes.**

Everyone benefits from increased graduation rates. The graduates themselves, on average, will earn higher wages and enjoy more comfortable and secure lifestyles. At the same time, the nation benefits from their increased purchasing power, collects higher tax receipts, and sees higher levels of worker productivity.



Source: U.S. Bureau of the Census, 2006

Students Who Learn More Earn More

Research by Cecilia Rouse, professor of economics and public affairs at Princeton University, shows that each dropout, over his or her lifetime, costs the nation approximately \$260,000 (Rouse, 2005). Unless high schools are able to graduate their students at higher rates, more than 12 million

students will drop out during the course of the next decade. The result will be a loss to the nation of *\$3 trillion*.

The calculations on page 4 show the monetary benefits each state could accrue over the lifetimes of just one year's dropouts if those students could be converted to graduates. The numbers vary from state to state, of course: Vermont (at the low end) would see its economy increase by \$416 million; Colorado (near the middle) would add \$4.2 billion to its economy, and California's economy (at the high end) would accrue an additional \$40 billion over the lifetime of each graduating class. These figures are conservative, and do not take into account the added economic growth generated from each new dollar put into the economy.

More Graduates Benefit Society

Obviously, dropouts are a drain on the economies of each state and the nation. Lower local, state, and national tax revenues are perhaps the most obvious consequence of higher dropout rates; even when dropouts are employed, they earn significantly lower wages than graduates. State and local economies suffer further when they have less-educated populaces, as they find it more difficult to attract new business investment. Simultaneously, these entities must spend more on social programs when their populations have lower educational levels.

The nation's economy and competitive standing also suffers when there are high dropout rates. Among developed countries, the United States ranks eighteenth in high school graduation rates and fifteenth in college graduation rates (Organisation for Economic Co-Operation and Development, 2007). Dropouts represent a tremendous waste of human potential and productivity, and reduce the nation's ability to compete in an increasingly global economy.

High school graduates, on the other hand, provide both economic and social benefits to society. In addition to earning higher wages, which results in attendant benefits to local, state, and national economic conditions, high school graduates live longer (Muennig, 2005), are less likely to be teen parents (Haveman et al., 2001), and are more likely to raise healthier, better-educated children. In fact, children of parents who graduate from high school are themselves far more likely to graduate from high school than are children of parents without a high school degree (Wolfe & Haveman, 2002). High school graduates are also less likely to commit crimes (Raphael, 2004), rely on government health care (Muennig, 2005), or use other public services such as food stamps or

Who Doesn't Graduate?

- **Only about 58 percent of Hispanic students and 53 percent of black students will graduate on time with a regular diploma, compared to 80 percent of Asian students and 76 percent of white students (EPE, 2007).**
- **Among all races and ethnicities, females graduate at a higher rate than their male peers—74 percent versus 66 percent (EPE, 2007).**
- **Graduation rates are significantly lower in districts with higher percentages of students who are eligible for free or reduced-price lunches (a measure of poverty) (Swanson, 2004).**
- **High school students living in low-income families drop out of school at six times the rate of their peers from high-income families (U.S. Department of Education, National Center for Education Statistics, 2004).**
- **The lowest-achieving 25 percent of students are twenty times more likely to drop out of high school than students in the highest achievement quartile (Carnevale, 2001).**



housing assistance (Garfinkel et al., 2005). Additionally, high school graduates engage in civic activity, including voting and volunteering in their communities, at higher levels (Junn, 2005).

Reducing Dropouts by Improving High Schools

To increase the number of students who graduate from high school, the nation's secondary schools must be dramatically improved. Although the investments made in the early grades are beginning to pay off, with higher student reading scores and a reduction in the achievement gap between white and minority students (U.S. Department of Education, 2005), too many of America's high schools are still serving their students poorly.

In a recent survey of high school dropouts, respondents indicated that they felt alienated at school and that no one even noticed if they failed to show up for class. High school dropouts also complained that school did not reflect real-world challenges. More than half of respondents said that the major reason for dropping out of high school was that they felt their classes were uninteresting and irrelevant (Bridgeland & di Iulio, 2006). Others leave because they are not doing well academically; only about 30 percent of high school students read proficiently, which generally means that as the material in their textbooks becomes increasingly challenging, they drop increasingly further behind.

Whatever the causes, the nation can no longer afford to have a third of its students leaving school without a diploma. High schools must be improved to give all students the excellent education that will prepare them for college or work, and to be productive members of society.

**For more information about the state of America's high schools,
and to find out what individuals and organizations can do
to support effective reform at the local, state, and federal levels,
visit the Alliance for Excellent Education's website at www.all4ed.org.**

MetLife Foundation

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How Much Does a High School Dropout Cost?

Researchers have started to examine various annual and lifetime costs associated with high school dropouts.

- The United States could save between \$7.9 and \$10.8 billion annually by improving educational attainment among all recipients of Temporary Assistance to Needy Families, food stamps, and housing assistance (Garfinkel et al., 2005).
- A high school dropout contributes about \$60,000 less in taxes over a lifetime (Rouse, 2005).
- If the male graduation rate were increased by only 5 percent, the nation would see an annual savings of \$4.9 billion in crime-related costs (Alliance for Excellent Education, 2006b).
- America could save more than \$17 billion in Medicaid and expenditures for health care for the uninsured by graduating all students (Alliance for Excellent Education, 2006a).



**Estimated Additional Lifetime Income If High School Dropouts
Graduated With Their Class in 2006-2007¹**

States	9th Graders (2003-2004)	Estimated Graduation Rate (2006-2007)	Estimated Number of Dropouts for the class of 2007	Total Lifetime Additional Income if Dropouts Graduated
Alabama	62,718	59.0%	25,714	\$6,685,738,800
Alaska	11,803	65.1%	4,119	\$1,071,004,220
Arizona	87,576	68.4%	27,674	\$7,195,244,160
Arkansas	37,301	72.2%	10,370	\$2,696,116,280
California	528,564	70.7%	154,869	\$40,266,005,520
Colorado	63,312	74.6%	16,081	\$4,181,124,480
Connecticut	48,643	79.8%	9,826	\$2,554,730,360
Delaware	11,009	62.0%	4,183	\$1,087,689,200
District of Columbia	5,656	58.2%	2,364	\$614,694,080
Florida	253,565	60.5%	100,158	\$26,041,125,500
Georgia	135,091	56.1%	59,305	\$15,419,286,740
Hawaii	16,459	64.1%	5,909	\$1,536,283,060
Idaho	20,771	77.0%	4,777	\$1,242,105,800
Illinois	174,343	75.7%	42,365	\$11,014,990,740
Indiana	85,025	70.9%	24,742	\$6,432,991,500
Iowa	40,486	81.1%	7,652	\$1,989,482,040
Kansas	38,684	74.4%	9,903	\$2,574,807,040
Kentucky	54,730	70.0%	16,419	\$4,268,940,000
Louisiana	58,514	61.4%	22,586	\$5,872,465,040
Maine	16,891	76.2%	4,020	\$1,045,215,080
Maryland	78,690	74.7%	19,909	\$5,176,228,200
Massachusetts	83,759	73.2%	22,447	\$5,836,327,120
Michigan	153,567	69.1%	47,452	\$12,337,572,780
Minnesota	69,744	78.7%	14,855	\$3,862,422,720
Mississippi	39,536	62.1%	14,984	\$3,895,877,440
Missouri	77,175	75.0%	19,294	\$5,016,375,000
Montana	12,915	76.2%	3,074	\$799,180,200
Nebraska	24,374	79.8%	4,924	\$1,280,122,480
Nevada	34,779	54.0%	15,998	\$4,159,568,400
New Hampshire	18,286	76.0%	4,389	\$1,141,046,400
New Jersey	108,480	82.5%	18,984	\$4,935,840,000
New Mexico	29,840	60.1%	11,906	\$3,095,601,600
New York	257,475	65.0%	90,116	\$23,430,225,000
North Carolina	122,508	66.1%	41,530	\$10,797,855,120
North Dakota	8,952	79.4%	1,844	\$479,469,120
Ohio	160,873	74.7%	40,701	\$10,582,225,940
Oklahoma	49,529	70.4%	14,661	\$3,811,751,840
Oregon	46,213	71.1%	13,356	\$3,472,444,820
Pennsylvania	162,097	78.2%	35,337	\$9,187,657,960
Rhode Island	14,188	70.6%	4,171	\$1,084,530,720
South Carolina	69,415	53.8%	32,070	\$8,338,129,800
South Dakota	10,375	78.5%	2,231	\$579,962,500
Tennessee	79,195	72.2%	22,016	\$5,724,214,600
Texas	377,912	67.3%	123,577	\$32,130,078,240
Utah	36,028	83.8%	5,837	\$1,517,499,360
Vermont	8,422	81.0%	1,600	\$416,046,800
Virginia	107,033	73.1%	28,792	\$7,485,888,020
Washington	88,869	66.5%	29,771	\$7,740,489,900
West Virginia	23,723	71.7%	6,714	\$1,745,538,340
Wisconsin	77,798	77.3%	17,660	\$4,591,637,960
Wyoming	7,346	75.8%	1,778	\$462,210,320
United States	4,190,237	69.9%	1,265,016	\$328,904,058,340



¹ The Alliance for Excellent Education determined the average additional lifetime income if one class of dropouts were to graduate by multiplying the number of dropouts—as determined using enrollment data for the ninth-grade 2003–04 school year (National Center for Education Statistics, Common Core of Data: State Nonfiscal Survey of Public Elementary/Secondary Education, 2003-04 v.1b) and the high school graduation rate in 2007 (Editorial Projects in Education, 2007)—by the \$260,000 estimated lifetime earnings difference between a high school dropout and a high school graduate (Rouse, 2005).

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