

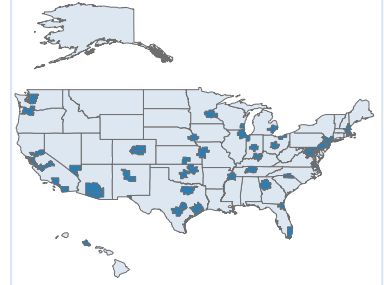
The Economic Benefits from Halving the Dropout Rate

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

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

GOVERNOR BOB WISE
PRESIDENT, ALLIANCE FOR EXCELLENT EDUCATION

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In the nation's fifty largest cities and the forty-five metropolitan areas that surround them, an estimated 600,000 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 these regions. Below, see the combined likely contributions¹ that these 300,000 "new graduates" would make to their local economies:

**\$4.1 BILLION
IN INCREASED
EARNINGS**



This single class of new graduates would likely earn as much as **\$4.1 billion** in combined earnings in the average year compared to their likely earnings without a diploma.

**INCREASED
HOME SALES
OF \$10.5 BILLION
AND AUTO SALES
OF \$340 MILLION**



By the midpoint of their careers, these new graduates would likely purchase homes totaling a value of as much as **\$10.5 billion** more than what they otherwise would have spent without a diploma. In addition, they would likely spend up to an additional **\$340 million** on vehicle purchases each year.

**\$536 MILLION IN
INCREASED TAX
REVENUE**



As a result of increased wages and higher levels of spending, state and local tax revenue within these regions would likely grow by a total of up to **\$536 million** during the average year.

**AN ADDITIONAL \$2.8
BILLION IN SPENDING
AND \$1.1 BILLION
IN INVESTING**



Increased earnings would likely allow new graduates to spend an additional **\$2.8 billion** and invest an additional **\$1.1 billion** during the average year.

**30,000 NEW JOBS
AND ECONOMIC
GROWTH OF
\$5.3 BILLION**



This additional spending and investment would likely be enough to support **30,000** new jobs and increase the gross regional products of these areas by a total of up to **\$5.3 billion** 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 in each of these forty-five metro areas. These 45,000 new graduates would likely

- earn **\$584 million** in additional earnings each year;
- spend an additional **\$50 million** each year purchasing vehicles and, by the time they reach the midpoint of their careers, would buy homes worth **\$1.5 billion** more than what they would likely have spent without a diploma; and
- support **4,000** new jobs, increase gross regional products by a total of **\$740 million**, and pour an additional **\$74 million** annually into state and local coffers, all through their increased spending and investments.

About the Metro Areas

- Forty-five metro areas together encompass the fifty largest cities in the country (see map above).
- These areas are home to 4,900 high schools. Over 900 of these are considered dropout factories, i.e., schools where fewer than 60 percent of freshmen progress to their senior year on time.
- Thirty percent of high school students in these areas do not graduate on time with a regular diploma.

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