UNITED STATES

The Graduation Effect: Every Student's Potential to Impact a Community

What are the short- and long-term benefits to the United States of a 90% high school graduation rate? The findings below are based on the Class of 2015, which reported 3,689,300 high school graduates—a graduation rate of **83.2%**.

If the United States's high school graduation rate had reached 90%

The nation would have gained **250,000** additional graduates

Of these additional graduates, **54%** likely would have enrolled in higher education

These graduates would have earned **$3.1 billion** annually in additional income

Within **10** years a new graduate in the United States who completes at least an associate's degree likely will earn $17,000 more a year than a high school dropout

This additional income means more money flowing into national, state, and local economies annually ...

$2.5 billion increase in spending

$7.8 billion increase in home sales

$664 million increase in federal, state, and local taxes

$534 million increase in car sales

In 2015

49%	vs.	67%
hs dropouts		some college+

owned a home in the United States[1]

... leading to greater opportunities for the nation.

$5.7 billion in economic growth

14,260 new jobs created

$16.1 billion in health-care cost savings nationally

In 2015

67%	vs.	43%
hs dropouts		hs graduates

had public health insurance or no health coverage in the United States[2]

What Can You Do to Help?

Getting more students to graduate from high school and preparing them to succeed in college and a career requires the collective effort of educators, parents, business executives, policymakers, community members, and nonprofit leaders.

1 VISIT

Visit impact.all4ed.org to learn more about the economic impact of a high school diploma. Watch short videos of people sharing their success stories about overcoming personal and educational challenges in pursuit of a high school diploma.

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The Graduation Effect

2 SHARE

Share this data with your state and district leaders to support the development and implementation of policies and approaches to increase high school graduation rates.

3 ADVOCATE

Advocate for high-quality programs that adequately prepare young people for their futures; allow students to earn high school and college credits simultaneously; integrate career and technical education with rigorous academics; and offer internship opportunities, real-world learning, and work-based experiences.

What the Data Represents

Annual earnings. Additional combined annual income that new graduates likely would have earned after completing high school, accounting for additional postsecondary education attainment. Though subject to other policies around equal pay, meaningful earnings empower the individual to sustain basic needs and invest in resources that can break the cycle of poverty for future generations.

Economic growth. Annual increase in gross state/regional product, which is the value of all goods and services produced within a state or local economy.

Federal, state, and local tax revenues. Average annual income gained by governments through taxation by the midpoint of new graduates' careers. By earning higher incomes and spending and investing more dollars, new graduates contribute more money to local, state, and federal tax bases. These additional tax dollars support public needs, such as sustaining national parks; restoring state and local infrastructure; and providing high-quality education, health, and social services.

Health-care cost savings. Cumulative health-care cost savings over the lifetime of new graduates. This indicator considers the cumulative number of new high school graduates who likely would not enroll in Medicaid because they have health insurance through a personal or employer-provided insurance plan. Consequently, when young people graduate from high school, society benefits from projected savings that result from workers' improved productivity at work, decreased health problems, and freedom from pain and suffering caused by untreated illness and disease.

Increased auto sales. Additional dollars spent on vehicle purchases—new or pre-owned—by new high school graduates in the average year given their increased wages. While the amount these high school graduates spend when buying a car is important, equally important is the mobility these graduates gain that allows them to seek work (and potentially better work) beyond their immediate neighborhoods.

Increased home sales. Cumulative increase in dollars spent on home purchases by new high school graduates by the midpoint of their careers. This is based on average mortgage values in the state or local market. Money spent on home purchases fuels the economy as well as the tax base that local governments use to fund schools and other public services. Homeownership, a proxy for housing stability, also is shown to raise educational outcomes for students from low-income families as student mobility between schools decreases.[3]

Increased spending. Likely amount of combined additional annual disposable income available to new graduates given their increased wages. This figure is based on state and local consumption trends. Consumer spending benefits both the individual and collective economies. Since high school graduates earn higher salaries than high school dropouts, they can spend more on shelter, food, childcare, and education for themselves and their families. Collectively, spending drives innovation and progress, creates jobs, and has the potential to promote growth of local small businesses.

New jobs. Cumulative number of additional jobs likely to be created by increased spending and investment by new graduates by the midpoint of their careers. New jobs contribute to greater opportunities and lower rates of unemployment in a state or local economy.

1 Data about homeownership among high school graduates and dropouts obtained from U.S. Census Bureau, American Fact Finder website, https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml (accessed August 28, 2017).

2 Data about health insurance coverage among high school graduates and dropouts obtained from U.S. Census Bureau, American Fact Finder website, https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml (accessed August 28, 2017).

3 National Association of Realtors®, *Social Benefits of Homeownership and Stable Housing* (Chicago: Author, 2012), https://www.nar.realtor/reports/social-benefits-of-homeownership-and-stable-housing.

The above projections were generated by the Alliance for Excellent Education using an economic model developed by Economic Modeling Specialists, Inc. and updated by Tripp Umbach, all through generous support from State Farm®.

The Alliance for Excellent Education is a Washington, DC–based national policy, practice, and advocacy organization dedicated to ensuring that all students, particularly those traditionally underserved, graduate from high school ready for success in college, work, and citizenship. www.all4ed.org

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