

Name:

Teacher:

Class:

Date:

# **The True Cost of High School Dropouts**

By HENRY M. LEVIN and CECILIA E. ROUSE

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**1** ONLY 21 states require students to attend high school until they graduate or turn 18. The proposal President Obama announced on Tuesday night in his State of the Union address — to make such attendance compulsory in every state — is a step in the right direction, but it would not go far enough to reduce a dropout rate that imposes a heavy cost on the entire economy, not just on those who fail to obtain a diploma.

**2** In 1970, the United States had the world's highest rate of high school and college graduation. Today, according to the Organization for Economic Cooperation and Development, we've slipped to No. 21 in high school completion and No. 15 in college completion, as other countries surpassed us in the quality of their primary and secondary education.

**3** Only 7 of 10 ninth graders today will get high school diplomas. A decade after the No Child Left Behind law mandated efforts to reduce the racial gap, about 80 percent of white and Asian students graduate from high school, compared with only 55 percent of blacks and Hispanics.

**4** Like President Obama, many reformers focus their dropout prevention efforts on high schoolers; replacing large high schools with smaller learning communities where poor students can get individualized instruction from dedicated teachers has been shown to be effective. Rigorous evidence gathered over decades suggests that some of the most promising approaches need to start even earlier: preschool for 3- and 4-year-olds, who are fed and taught in small groups, followed up with home visits by teachers and with group meetings of parents; reducing class size in the early grades; and increasing teacher salaries from kindergarten through 12th grade.

**5** These programs sound expensive — some Americans probably think that preventing 1.3 million students from dropping out of high school each year can't be done — but in fact the costs of inaction are far greater.

**6** High school completion is, of course, the most significant requirement for entering college. While our economic competitors are rapidly increasing graduation rates at both levels, we continue to fall behind. Educated workers are the basis of economic growth — they are especially critical as sources of innovation and productivity given the pace and nature of technological progress.

**7** If we could reduce the current number of dropouts by just half, we would yield almost 700,000 new graduates a year, and it would more than pay for itself. Studies show that the typical high school graduate will obtain higher employment and earnings — an astonishing 50 percent to 100 percent increase in lifetime income — and will be less likely to draw on public money for health care and welfare and less likely to be involved in the criminal justice system. Further, because of the increased income, the typical graduate will contribute more in tax revenues over his lifetime than if he'd dropped out.

**8** When the costs of investment to produce a new graduate are taken into account, there is a return of \$1.45 to \$3.55 for every dollar of investment, depending upon the educational intervention strategy. Under this estimate, each new graduate confers a net benefit to taxpayers of about \$127,000 over the graduate's lifetime. This is a benefit to the public of nearly \$90 billion for each year of success in reducing the number of high school dropouts by 700,000 — or something close to \$1 trillion after 11 years. That's real money — and a reason both liberals and conservatives should rally behind dropout prevention as an element of economic recovery, leaving aside the ethical dimensions of educating our young people.

**9** Some might argue that these estimates are too large, that the relationships among the time-tested interventions, high school graduation rates and adult outcomes have not been proved yet on a large scale. Those are important considerations, but the evidence cannot be denied: increased education does, indeed, improve skill levels and help individuals to lead healthier and more productive lives. And despite the high unemployment rate today, we have every reason to believe that many of these new graduates would find work — our history is filled with sustained periods of economic growth when increasing numbers of young people obtained more schooling and received large economic benefits as a result.

**10** Of course, there are other strategies for improving educational attainment — researchers learn more every day about which are effective and which are not. But even with what we know, a failure to substantially reduce the numbers of high school dropouts is demonstrably penny-wise and pound-foolish.

**11** Proven educational strategies to increase high school completion, like high-quality preschool, provide returns to the taxpayer that are as much as three and a half times their cost. Investing our public dollars wisely to reduce the number of high school dropouts must be a central part of any strategy to raise long-run economic growth, reduce inequality and return fiscal health to our federal, state and local governments.

# **Why Students Drop Out:**

## **The Economic Pressures That Make Leaving School Unavoidable**

BY JOHN ROSALES  
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**1** Among high school dropouts in the United States, there is a group of teens that would actually prefer to be in a science classroom dissecting a frog or enjoying pizza with their friends after school. Instead, they are parking cars, flipping burgers, or breaking their backs at a construction site.

**2** Why? They need the money.

**3** Roughly 30 percent of students who drop out of school between the ages of 16 and 18 are working in a variety of jobs, according to a new study by the Urban Institute, a non-profit research group based in Washington, D.C. These young workers are disproportionately Hispanic and first-generation immigrants, though three-quarters are native-born U.S. citizens.

**4** “These are not disconnected youth,” says Molly Scott, co-author of “Dropping Out and Clocking In: A Portrait of Teens Who Leave School Early and Work.” “Many are economically involved in their family’s financial stability.”

**5** Scott says many of these teens may not be frustrated, unstable, or uninterested in school, or guilty of previous academic or behavioral misconduct.

**6** “They may want to be in school,” says Scott, who together with Heather Koball and Simone Zhang compiled the report with data from the U.S. Census Bureau’s American Community Survey. “But their families may need their financial help to make ends meet.”

**7** These workers usually fill low-skilled jobs and earn approximately \$9,500 a year. About half work 40 weeks or more a year averaging 31 hours a week.

**8** “This added income makes a big difference to families,” Scott says.

**9** On average, working youth contribute almost 22 percent to the family budget while approximately 10 percent of these teen workers contribute more than half.

**10** In many cases, student earnings are the difference between their families living above or below the federal poverty line. Nearly a third of these families fall below the poverty line while another third are living slightly above that level. As such, student earnings boost 42 percent of poor households over the poverty line. The Department of Health and Human Services sets the poverty line for a family of five at \$28,410.

**11** “There is so much poverty in so many families,” says Scott. “These students often decide to help provide for their parents, siblings, and themselves.”

**12** Scott is quick to point out the wide range of family circumstances and individual stories involving students who've left school to work full time.

**13** "In some cases, kids hand over their paychecks to parents, while others notice a need in their families and decide to pay for utilities, groceries, school supplies, and clothes for themselves and siblings," Scott says. "There are also cases where youth essentially support themselves within their families or move out on their own."

**14** In addition to the harsh economic realities of these families, many of the parents, guardians or other household authority figures often lack high school diplomas, with a disproportionately large share not having completed eighth grade.

**15** "Youth living in households with so little education," Scott says, "are more than twice as likely to drop out and work than other kids who leave school early."

**16** Another reason students may drop out and work involves their families' limited access to federal aid: only 17 percent receive social security or temporary assistance (TANF benefits), and only 23 percent receive food stamps.

**17** Scott says there is limited research on the career trajectory of these workers. Do they return to school for a diploma or GED? Decide to attend a community college or university? Enroll online with a higher education institution? Or, continue working and either advance in their careers or bounce between a series of low-wage, dead-end jobs?

**18** "Whatever the case, we must help ensure that youth employment supports ongoing education," she says. "If a lot of low-income youth are, in fact, dropping out in whole or in part to help meet their basic needs, our approaches to supporting these kids may need to change."

**19** While the country's public school system cannot be blamed, new approaches to keeping these students in school must go beyond programs focused on academic enrichment or behavioral intervention, Scott says.

**20** "We need to find solutions that will alleviate material hardships for both parents and teens," she says. "These kids shouldn't have to trade their futures to address their family's short term financial problems."