

Investing in Public Education Means Economic Growth for Your State

Investing in quality public schools in your state will produce a workforce that can adapt to sophisticated technologies and compete in international markets. Up until 1980 technological change boosted the demand for educated workers and our educational system was able to respond. Since 1980, technological change and the demand for educated workers have continued to accelerate but educational attainment has not kept up (Goldin and Lawrence, 2005, *The Race between Education and Technology*).

Investing in quality public schools provides a lucrative financial return for your state's taxpayers. A widely cited study finds that for taxpayers, the annual return on their investment in education is 13.3%. This is due solely to the higher wages that a better educated workforce would earn and the resulting tax revenue. It means the average taxpayer will recoup their tax payment for education in five years and then experience improved public services and lower taxes after five years (OECD, 2006, *Education at a Glance*).

Investing in quality public schools in your state will reduce the cost of crime, government health insurance, and welfare, saving taxpayers significant money. Changing one single high school dropout into a high school graduate means a lifetime public savings of \$70,000. Including taxpayer savings from reduced crime and public assistance, this substantially increases the 13.3% fiscal rate of return (Belfield and Levin, 2007, *The Price We Pay: Economic and Social Consequences of Inadequate Education*).

Investing in quality public schools in your state will greatly improve its chances of developing, attracting, and retaining businesses, particularly those that require highly skilled employees. Surveys of businesses find that the top factor in choosing a site location is the quality of education and skills possessed by the local workforce (Cohen, 2000, "American Capital Access").

Investing in quality public schools will create jobs and increase incomes in the local communities of your state. The employment and wages of education employees have an important direct and indirect effect on local economies. Education employees purchase a large amount of their goods and services locally, and this direct spending "multiplies" as local businesses hire more employees who then go out and spend their paychecks locally. For example, if 100 jobs were added to the local K-12 system in a rural district, 56 additional non-education jobs would be created in that district (Woods, Doeksen, and St. Clair, 2005, "Measuring Local Economic Impacts of the Education Sector").

Investing in quality public schools will reduce the wide income disparities that exist in your state. States that spend more on public education experience larger decreases in income inequality (Behr, Christofides, and Neelakantan, 2004, *Effects of State Public K-12 Education Expenditures on Income Distribution*).

For more information contact TEF@nea.org.



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for Every Student