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Straight A's

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THE HIGH COST OF LOW EDUCATIONAL PERFORMANCE: New OECD Report Finds that 25 Point Increase in PISA Scores Could Lead to $40.6 Trillion Increase in United States's GDP

Relatively small improvements in students' educational performance can have large impacts on a nation's future economic well-being, according to a new international study from the Paris-based Organisation for Economic Co-Operation and Development (OECD). The study uses economic modeling to show that even modest and achievable gains in student learning yield large increases in gross domestic product over the long run.

"This report provides powerful evidence that educational improvements make an important and lasting impact not only in the lives of students, but in the livelihood of nations," said **Bob Wise, president of the Alliance for Excellent Education and former governor of West Virginia**. "Combined with the Alliance's past work linking improvements in educational outcomes to state and local economies, this OECD study makes it clear that whether you're talking at the city, state, national, or even international level, education and the economy are inexorably linked—better educational outcomes mean better economic outcomes."

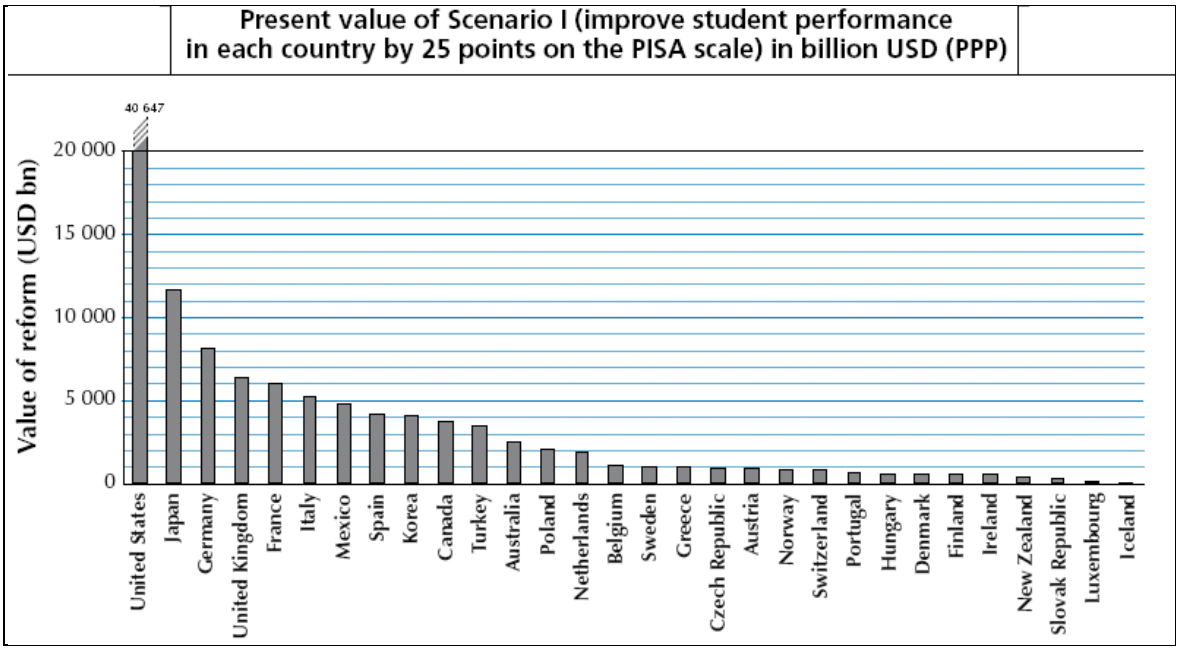
The OECD study, *The High Cost of Low Educational Performance: The Long-Run Economic Impact of Improving PISA Outcomes*, was presented at an exclusive preview event sponsored by the Alliance in Washington, DC on January 19. **Eric Hanushek, a coauthor of the report and the Paul and Jean Hanna senior fellow in education at the Hoover Institution at Stanford University**, and **Andreas Schleicher, head of the Indicators and Analysis Division of OECD's Education Directorate**, presented the findings. (Video and supplemental materials from that event, including PowerPoint presentations from both presenters, are available at http://www.all4ed.org/events/WebinarHighCostLowEducationalPerformance011910).

The OECD report examines three scenarios to estimate what the long-term effects of educational improvement, as measured by scores on the highly regarded Programme for International Student Assessment (PISA), would be on the nation's Gross Domestic Product (GDP).

Under scenario one, the United States would boost its average scores on PISA by 25 points over twenty years. This relatively modest goal—less than Poland achieved in just six years,[1] from 2000 to 2006—would result in an increase in the U.S. GDP of $40.6 trillion over the lifetime of the generation born in 2010, as shown in the chart below. Even this minor performance

[1] Between 2000 and 2006, Poland, with an increase of 29 score points in the reading assessment, had the largest performance increase in PISA scores.

improvement represents a significant increase (25 percent) in GDP over what might be expected without raising the current level of student performance.



Note: Discounted value of future increases in GDP until 2090 due to reforms that improve student performance in each country by 25 points on PISA, or by one quarter standard deviation, expressed in billions of U.S. dollars.

The second scenario would involve the United States lifting its average scores to the average level of Finland. Finland is the highest-performing country on PISA, scoring about 50 points higher than the United States in mathematics and science. Raising U.S. scores to that level would increase GDP by $100 trillion over the lifetime of a child born in 2010.

Under scenario three, the United States would bring all of its students up to a minimum skill level. According to the report, the U.S. average score exceeds the PISA minimum level (400 on a 0-to-1,000 scale), but about 19 percent of U.S. students perform below those levels. Simply raising the cognitive skills of those students would add $72 trillion to GDP over the lifetime of a child born in 2010.

“Think about a child born this year,” said Wise. “If we act now to improve that child’s education, the nation will reap enormous benefits over the lifetime of that child. For that child’s sake, and for the nation, we cannot delay.”

The report notes that there is uncertainty in these projections, as in any projections. But even reducing the projections to allow for plausibly minimal estimates suggests very large implications of improved cognitive skills and human capital. By achieving just one-half the projected impact remains a remarkably important potential change in the economic growth of the United States, the report concludes.

“Results from countries achieving high and equitable learning outcomes in PISA—like Finland in Europe, Canada in North America, or Japan and Korea in East Asia—or from those that have

seen rapid improvements in the quality of schooling (like Poland) underline that doing better is possible," the report reads. "Concluding that change is 'too difficult' would imply foregoing enormous gains to the well-being of OECD nations."

The complete report is available at http://www.all4ed.org/events/WebinarHighCostLowEducationalPerformance011910.

"BEST ECONOMIC STIMULUS IS A HIGH SCHOOL DIPLOMA": New Alliance Study Finds Lowering the High School Dropout Rate Boosts Job Creation, Home Ownership, Automobile Sales, and Economic Growth

Cutting the dropout rate in half in the nation's fifty largest cities will result in a significant increase in job growth, home ownership, and automobile sales, among other economic benefits, according to a new study from the Alliance for Excellent Education.

"The report underscores the notion that the best economic stimulus package is a high school diploma," said Alliance President Bob Wise. "If the U.S. is to improve its competitiveness in the global economy, it must have an education system that meets the fast-growing demand for high-level skills."

The study, *The Economic Benefits from Halving the Dropout Rate: A Boom to Businesses in the Nation's Largest Metropolitan Areas*, notes that 600,000 students from the Class of 2008 dropped out of high school in the nation's fifty largest cities. Individually, these dropouts will face the harsh consequence of significantly fewer economic opportunities throughout their lifetime. And, according to the report, these dropouts also represent an enormous missed economic opportunity to businesses in these areas.

According to the report, if just half of the 600,000 students had graduated from high school, they would have seen $4.1 billion in combined additional earnings in the average year and boosted tax revenue by $536 million each year. With their higher incomes, these new graduates would likely have bought homes worth $10.5 billion more than what they would likely spend without a diploma and spent an additional $340 million each year on vehicle purchases. They also would likely have spent an additional $2.8 billion and invested an additional $1.1 billion each year.

Thanks to this increased spending and investment, the nation's fifty largest cities—and the forty-five metro areas that surround them—would likely see an increase of 30,000 new jobs and $5.3 billion in economic growth by the time these new graduates reach the midpoint of their careers.

"That's a jobs package that everyone should be able to get behind," Wise said.

Wise also underscored that it was not enough to simply graduate more students; these new graduates need to graduate prepared for college and careers. He noted that while 65 percent of the new graduates will likely continue to pursue some type of education after high school, only 17 percent will earn an associate's degree, bachelor's degree, or higher.

The table below outlines the benefits that would likely result from reducing the dropout rate by 50 percent in the selected metropolitan listed.

Metro Area	Combined Additional Earnings (average year)	Additional Spending and Investment (average year)	Increased Home Sales (by midpoint of career)	Increased Auto Sales (average year)	Additional Jobs Supported (by midpoint of career)	Increase in Gross Regional Products (by midpoint of career)	Increased State and Local Tax Revenues (average year)
Atlanta	$38 million	$26 million (spending) $9 million (investment)	$87 million	$3 million	300	$46 million	$5 million
Boston	$78 million	$52 million (spending) $21 million (investment)	$279 million	$7 million	450	$99 million	$9 million
Chicago	$211 million	$147 million (spending) $57 million (investment)	$577 million	$18 million	1,750	$290 million	$25 million
Dallas/ Fort Worth/ Arlington	$197 million	$143 million (spending) $54 million (investment)	$304 million	$15 million	1,700	$277 million	$19 million
Houston	$165 million	$120 million (spending) $44 million (investment)	$257 million	$13 million	1,150	$218 million	$16 million
Los Angeles/ Long Beach	$575 million	$390 million (spending) $151 million (investment)	$1.8 billion	$42 million	4,700	$772 million	$79 million
Miami	$212 million	$157 million (spending) $55 million (investment)	$480 million	$19 million	1,950	$295 million	$16 million
New York City	$537 million	$343 million (spending) $137 million (investment)	$1.1 billion	$44 million	3,050	$657 million	$92 million
Philadelphia	$125 million	$83 million (spending) $32 million (investment)	$294 million	$10 million	900	$159 million	$18 million
Washington, DC	$157 million	$99 million (spending) $43 million (investment)	$275 million	$11 million	750	$179 million	$22 million

The economic model used to estimate these economic benefits was developed by the Alliance for Excellent Education with the generous support of State Farm® and in partnership with Economic Modeling Specialists Inc. It is based on graduation rates calculated by Editorial Projects in Education and forecasts the economic benefits for U.S. Census-defined metropolitan statistical

areas (MSA), each of which consists of a central urban area and the surrounding geographic area if it has strong social and economic ties to that city. The forty-five MSAs include the fifty largest cities in the country.[2] Five of these cities share a region with another.

"As a business leader I'm committed to a quality education for all children and to strengthening the vitality of our communities," said **Edward B. Rust Jr., chairman and chief executive officer of State Farm®**. "The new findings from the Alliance for Excellent Education conclusively demonstrate that graduating from high school has significant positive economic and financial consequences for the business community and not just for the individual getting the education. Assuring that all of our students graduate from high school with the skills necessary to compete in a global economy is something all businesses—small and large—should see as a priority."

Findings from the report were released at a January 12 event in Washington, DC that featured Bob Wise, Ed Rust, and **Alma Powell, chairwoman of America's Promise Alliance**. Video from that event, as well as statistics for each of the forty-five metropolitan areas included in the study, is available at http://www.all4ed.org/publication_material/EconMSA.

SOTU Bingo Returns: How Much Will President Obama Discuss Education in His January 27 State of the Union Address?

On January 27 at 9:00 p.m., President Obama will give his State of the Union address to a joint session of Congress and millions watching at home. With the nation shedding more than eight million jobs since the Great Recession began in December 2007, the economy and job creation topics are expected to occupy a great deal of Obama's speech. The president is also expected to address the prospects of health care reform—especially in light of Republican Scott Brown's victory in the January 19 special election in Massachusetts, which eliminated Democrats' filibuster-proof majority in the U.S. Senate.

Obama is expected to touch on the budget deficit, reform of the financial industry, energy, immigration, and education—all of which are likely to be framed around a plan to rebuild the economy. But how much will Obama say about education? The president could use the State of the Union address to outline his plan for reforming the nation's education system and reauthorizing the Elementary and Secondary Education Act, currently known as the No Child Left Behind Act.

Race to the Top, a competitive grant program designed to reward states that are aggressively pursuing reforms, also figures to receive mention during the State of the Union address. In a speech earlier this month at Graham Road Elementary School in Virginia, Obama announced that he would request an increase of $1.35 billion for Race to the Top in his Fiscal Year 2011 budget, which is scheduled to be released on February 1.

To help viewers keep track of these and other topics during the State of the Union address, the Alliance for Excellent Education has brought back its popular State of the Union bingo cards, which are available for download at http://www.all4ed.org/publication_material/SOTUBingo2010.

[2] The report includes detailed findings for each of the forty-five largest metropolitan areas in the United States: Albuquerque, Atlanta, Austin, Baltimore, Boston, Charlotte, Chicago, Cleveland, Colorado Springs, Columbus, Dallas-Fort Worth-Arlington, Denver, Detroit, El Paso, Fresno, Honolulu, Houston, Indianapolis, Jacksonville, Kansas City (MO), Las Vegas, Los Angeles-Long Beach, Louisville, Memphis, Miami, Milwaukee, Minneapolis, Nashville, New York City, Oklahoma City, Omaha, Philadelphia, Phoenix-Mesa, Portland (OR), Sacramento, San Antonio, San Diego, San Francisco-Oakland, San Jose, Seattle, Tucson, Tulsa, Virginia Beach, Washington, DC, and Wichita.

COLLEGE- AND CAREER-READY: New Education Sector Report Offers a Different Take on Measuring Student College and Career Readiness

A recent analysis from Education Sector looks at how well high schools are utilizing accountability systems to evaluate student performance, progress, and readiness for succeeding at the next level. The report, *College-And Career-Ready: Using Outcomes Data to Hold High Schools Accountable for Student Success*, argues that the best way to measure student-preparedness levels is to implement data tracking systems that take into account how students actually perform once they arrive at their college or workplace destination.

The report finds that adequate yearly progress—the measure of high school performance as defined under the No Child Left Behind (NCLB) Act—is not a very good indicator of how high school graduates will fare in college and careers. Using examples from several states, the report shows the limitations of relying only on standardized tests and graduation rates.

"Tests and other proxy measures can offer only a limited snapshot of what students know and can do," said **Chad Aldeman, policy analyst at Education Sector and author of the report**. "As a result, high schools that meet NCLB accountability measures do not always graduate students who are ready to succeed."

For example, the report studies two Florida-based high schools: Manatee High School and Boca Raton Community High School. Manatee received a "D" rating on the state's A–F scale of academic performance and failed to make Adequate Yearly Progress (AYP) for a consecutive fourth year. On the other hand, Boca Raton earned its second straight "A" rating from the state and was included in *Newsweek* magazine's list of best high schools in the country. However, Education Sector found that Manatee High School—despite its low rating—graduated a higher percentage of students than Boca Raton and sent almost the same number of students to college. Once these schools' graduates were at college, Manatee students earned high grades and fewer of them failed remedial English courses than their Boca Raton peers.

College- and Career-Ready lists Florida, Oregon, and Ohio as examples of the states that have built data systems that track a student's progress after high school and into college and the workforce. Unfortunately, high school accountability systems in many other states fail to recognize college- and career-ready goals; instead they rate high schools on only two measures: graduation rates and student scores on basic skills tests given in the ninth or tenth grade.

For states with data systems that are not quite up to the leading states, the report offers suggestions on how states could use existing data systems to create richer, more multi-dimensional measures of high school success. For example, it suggests that states take into account factors such as performance on statewide assessment tests; graduation rates; percentage of students taking Advanced Placement classes or other college-level courses; percentage of students who attend college; number of college-bound students who can pass remedial courses; students' college grade point averages and levels of credit attainment; and employment rate and wages earned for those students who entered the workforce immediately after high school.

According to the report, this more complex system would present a more consistent and accurate look at student-readiness levels and allow all schools to be evaluated more comprehensively.

About twenty states have at least two of these abilities and some states can do them all. Only a handful of states currently take advantage of the data available on employment even though all states are required by federal law to collect this information.

College- and Career-Ready identifies several challenges to states adopting these types of measures including a disconnect between developing new data systems and developing new policies; limitations around what data is currently available; inability to track students that move out of state after graduation; and delays in how soon school failures or successes can be detected. It concludes that in many cases the benefits outweigh the challenges and by using data systems that focus on high school and college performance factors, the country can also tackle the alignment problem between high school exit and college entry standards.

To read the full report, visit: http://www.educationsector.org/usr_doc/College-Ready.pdf

Report Finds Young People Spend Nearly Eight Hours a Day Using Entertainment Media

A new report from the Kaiser Family Foundation finds that youth aged eight to eighteen spend an average of seven hours and thirty-eight minutes using entertainment media during a typical day, an increase of more than one hour since 2004. The report, *Generation M^2: Media in the Lives of 8- to 18-Year-Olds*, also finds that the number grows to ten hours and forty-five minutes when "media multitasking," or using more than one medium at a time, is taken into consideration.

"The amount of time young people spend with media has grown to where it's even more than a full-time work week," said **Drew Altman, president and CEO of the Kaiser Family Foundation**. "When children are spending this much time doing anything, we need to understand how it's affecting them—for good and bad."

The report attributes the increase in media use to ready access to mobile devices like cell phones and iPods. And while access has increased, parental control seems to have declined. In 2004, about half (46 percent) of eight- to eighteen-year-olds said that their parents set limits on the amount of television they watched. However, in the 2009 survey, only 28 percent of young people said they have rules on how much time they can watch TV. The report finds that when parents do set limits, children spend less time with media. In fact, those with any media rules consume nearly three hours less media per day.

When surveyed about their grades, about half (47 percent) of heavy media users (young people who consume more than sixteen hours of media a day) said they usually get fair-to-poor grades (mostly "C"s or lower). Conversely, only about one quarter (23 percent) of light media users (young people who consume less than three hours of media a day) said they get fair-to-poor grades.

The report also finds that black and Hispanic children tend to spend far more time with media than white children. On average, black and Hispanic children consume nearly four and a half more hours of media daily than white children. The difference in television viewing was especially dramatic, with black and Hispanic children spending nearly six hours and five and a half hours watching television, respectively, compared to about three and a half hours for white children. "The racial disparity in media use has grown substantially over the past five years," the report notes. "For example, the gap between white and black youth was just over two hours (2:12) in 2004, and has grown to more than four hours today (4:23)."

The complete report is available at http://www.kff.org/entmedia/upload/8010.pdf.

Straight A's: Public Education Policy and Progress is a biweekly newsletter that focuses on education news and events both in Washington, DC and around the country. The format makes information on federal education policy accessible to everyone from elected officials and policymakers to parents and community leaders. The Alliance for Excellent Education is a nonprofit organization working to make it possible for America's six million at-risk middle and high school students to achieve high standards and graduate prepared for college and success in life.