

**Investments in K-12 Education for Minnesota:
What Works?***

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Henry M. Levin
levin@tc.edu
Teachers College, Columbia University

Clive R. Belfield
belfield@qc.edu
Queens College, City University of New York

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Investments in K-12 Education for Minnesota: What Works? Summary

Annually, 10,000 students leave Minnesota's schools without a high school diploma. When measured over the lifetime the economic consequences if a dropout becomes a graduate are significant. We can express these consequences as the equivalent of a certificate of deposit in terms of their values at age 20. The individual graduate gains the equivalent of a CD worth \$475,900 in extra earnings. The taxpayer gains the equivalent of a CD worth \$251,900 in increases in tax revenues and in lower expenditures on health, crime, and welfare. The state of Minnesota gains the equivalent of a CD worth \$1,059,500 from the individual and taxpayer benefits plus lower crime victimization and faster economic growth. The economic case for raising the high school graduation rate is therefore strong.

The moral case for raising the high school graduation rate is also powerful. High school graduation rates in Minnesota are stratified by race, sex, and family background. The disparities begin in early childhood but are magnified through the K-12 years. Many of the graduates then go on to college, leaving the high school dropouts further behind. Although Minnesota spends more on public education for disadvantaged students, the difference is not substantial.

The search for effective educational interventions in K-12 schooling should therefore be intensive. The quest should be primarily for interventions to raise the graduation rate. But there is a strong correlation between achievement and graduation: our review estimates that an increase in 8th grade achievement of one standard deviation is associated with a 48% lower probability of dropping out of high school. So, the search should also consider reforms that increase achievement.

However, the challenges to finding and selecting reforms are significant. Cost-effectiveness studies require that the alternatives have similar educational goals and comparable measurement of outcomes. Many studies claim to be educationally effective,

