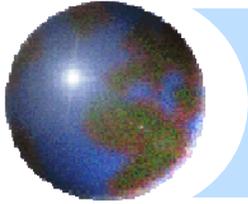


Economic Implications of Improved Schooling

Eric A. Hanushek

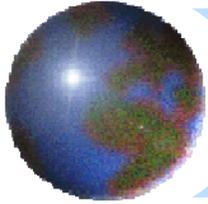
Hoover Institution
Stanford University

**Congressional Briefing
U.S. Capitol
January 2012**

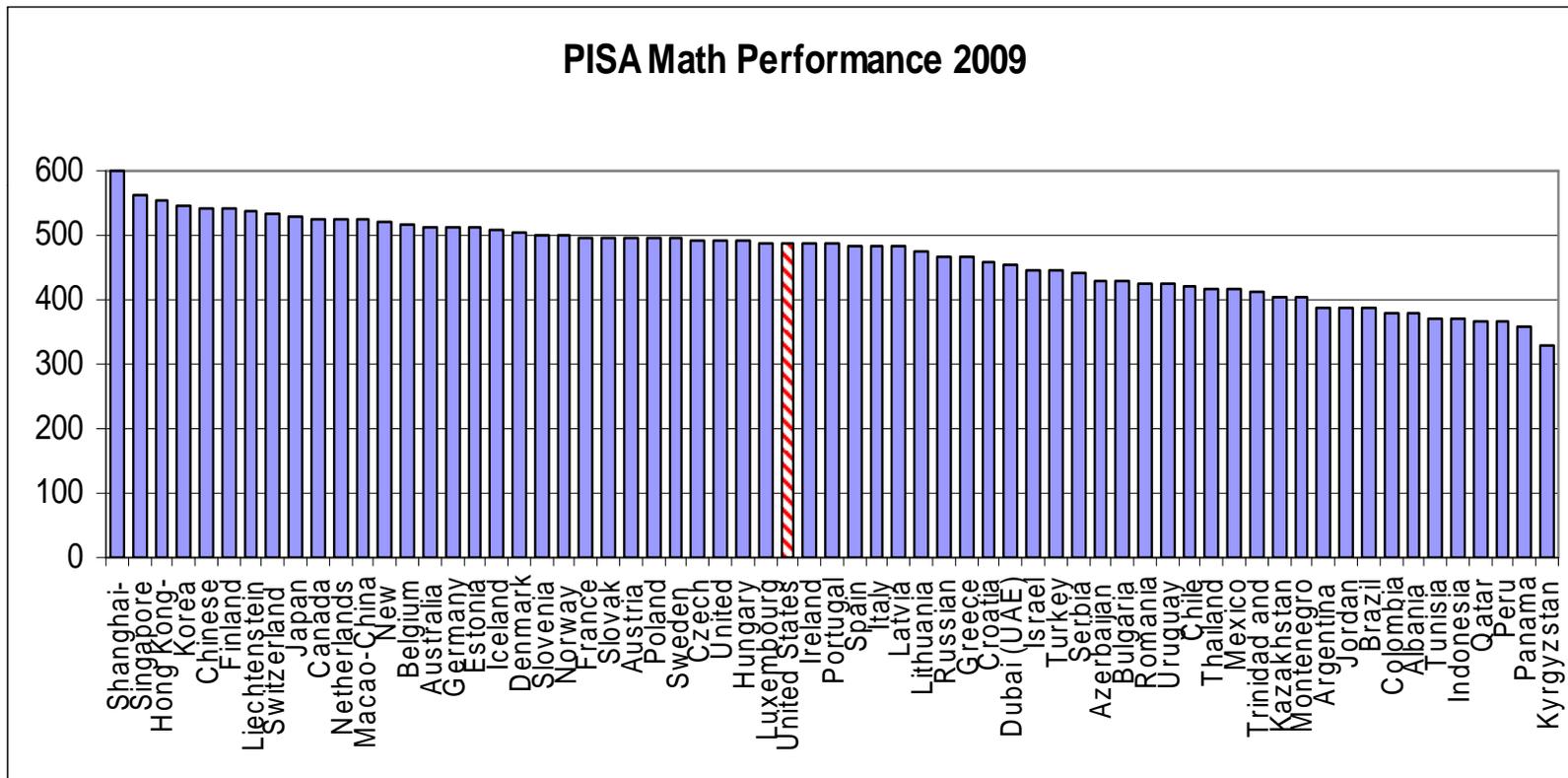


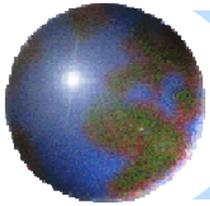
Conclusions

- U.S. scores on international assessments portend bleak future
 - Not a few bad states
 - Not a difficult to educate population
- Very different futures for United States
- Current recession costs dwarfed by schooling crisis
- Easy to ignore, hard to recover

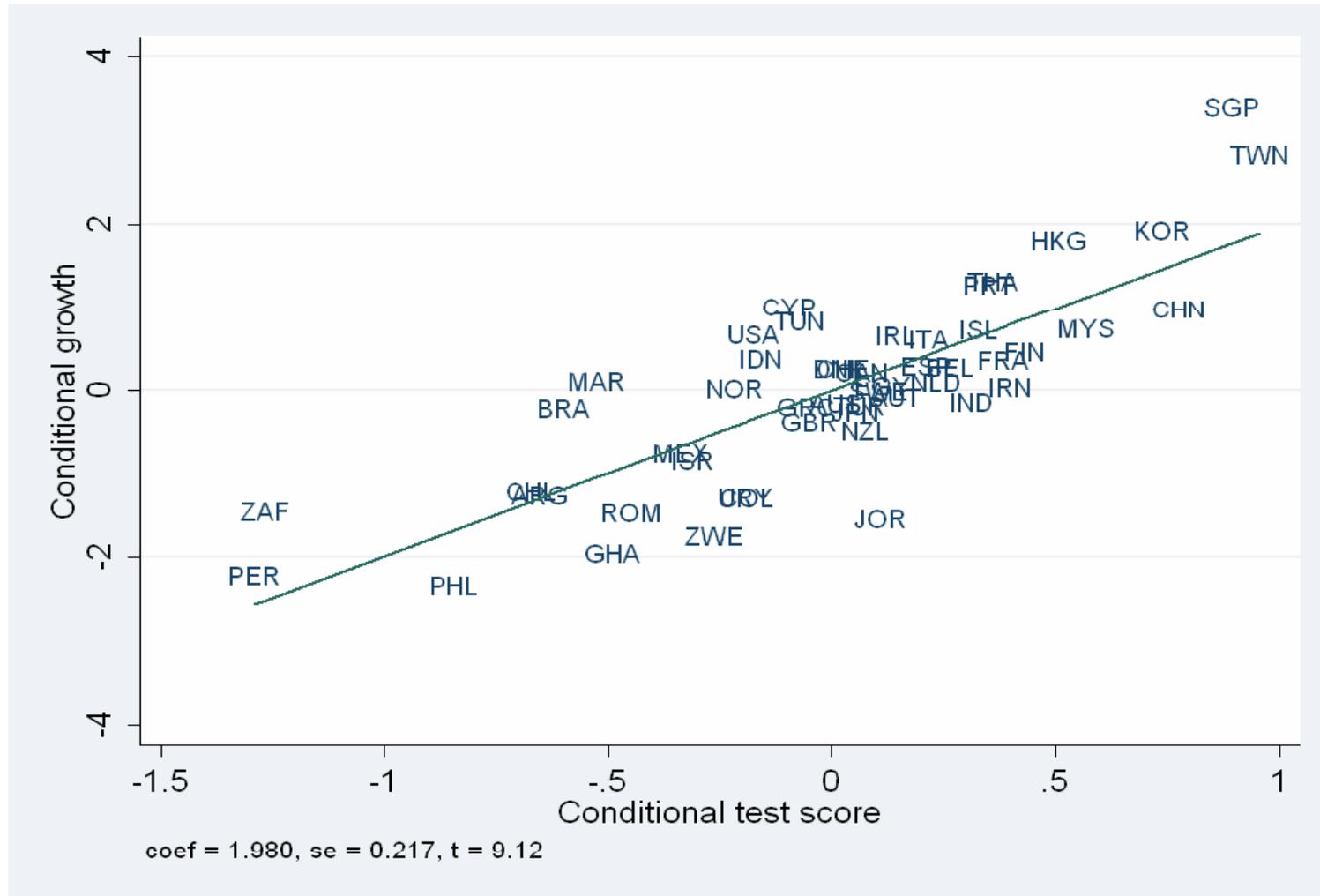


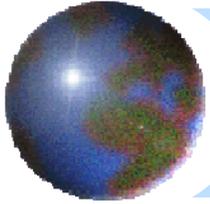
International Math Rankings – PISA 2009



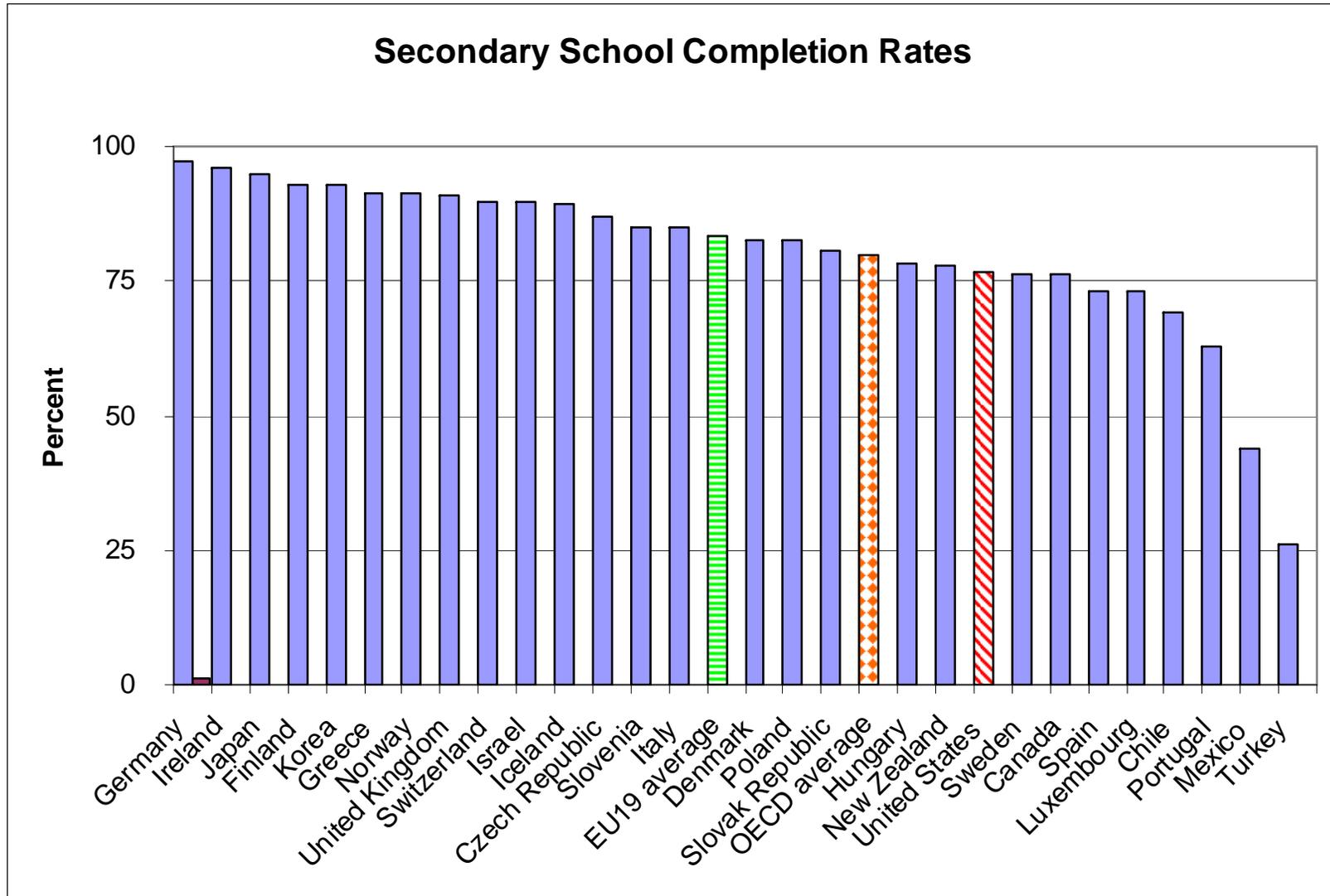


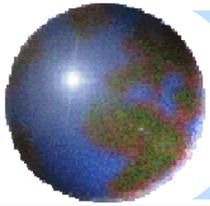
Cognitive Skills and Economic Growth



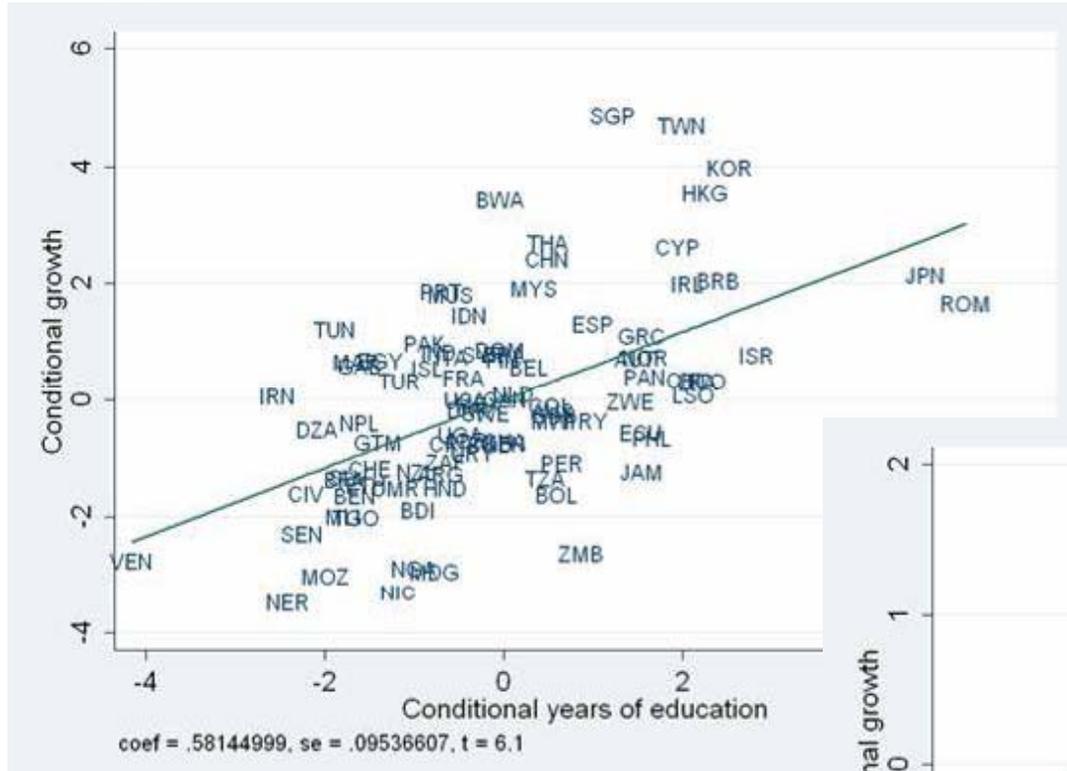


Secondary School Completion



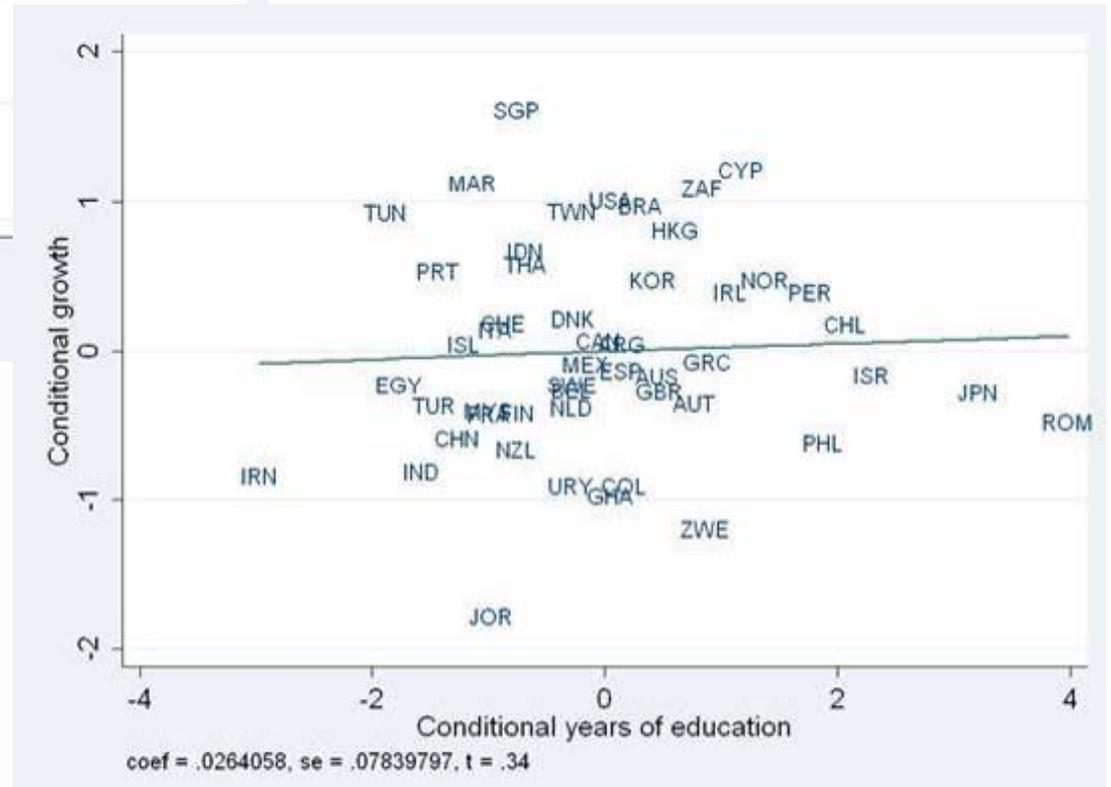


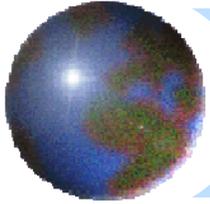
Years of Schooling and Economic Growth



Without quality control

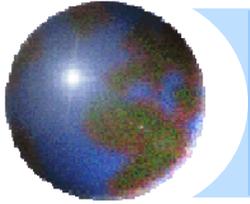
With quality control





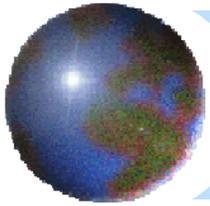
Projections of Value of Improved Schooling

- Assume future looks like past
- Improve schools over 20 years
- Calculate added GDP based on history
- Discount future over lifetime of somebody born today

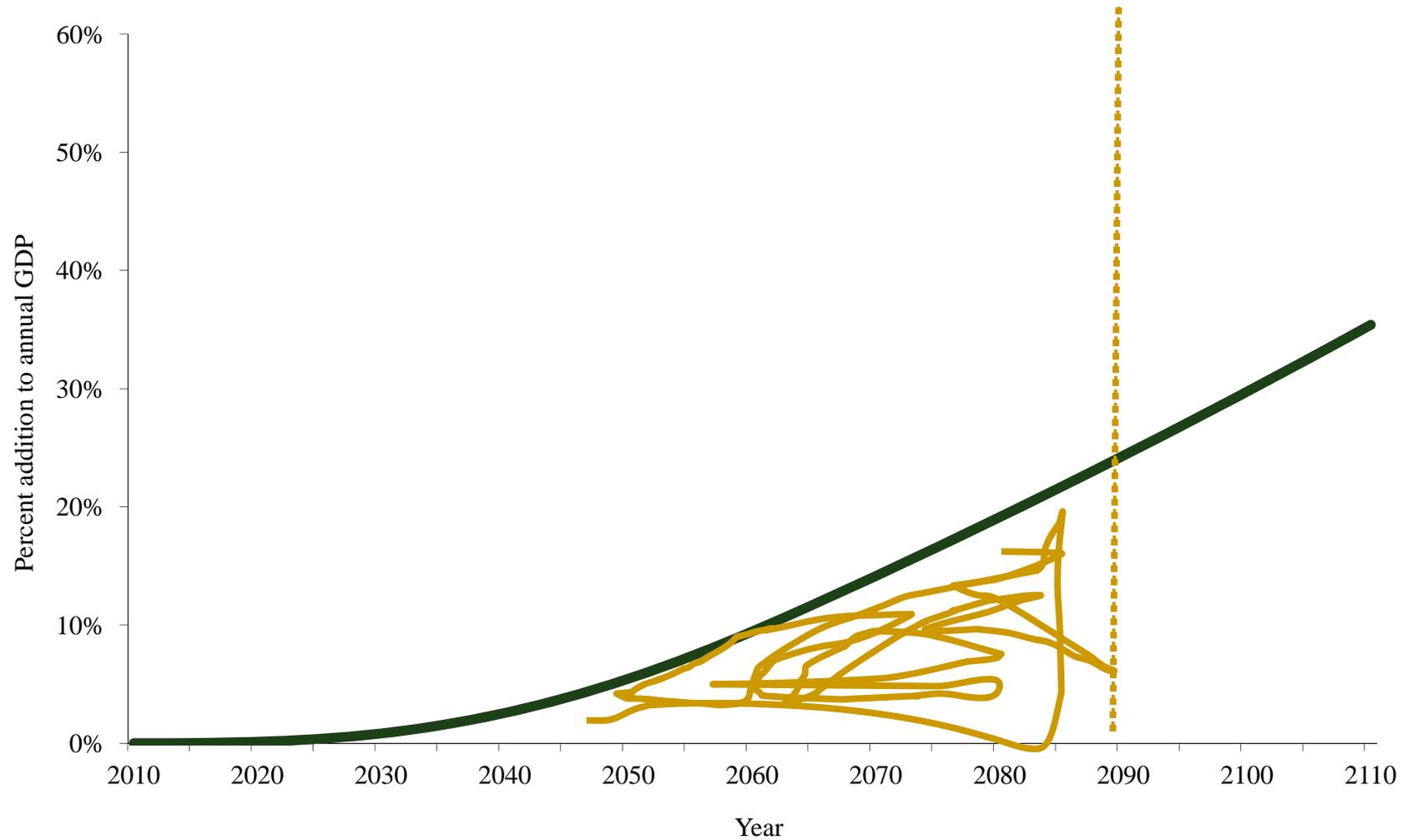


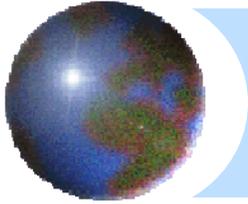
Growth Projections

- Scenario 1
 - Achievement improves by 25 points (1/4 s.d.)



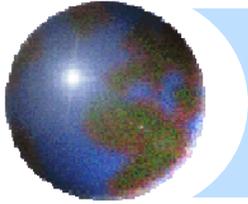
Annual Gains from 25 PISA-Points Improvement





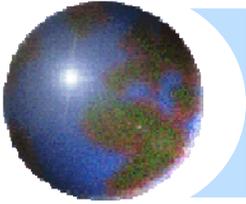
Growth Projections

- Scenario 1
 - Achievement improves by 25 points (1/4 s.d.)
 - PV = 288% of current GDP
 - **\$44 trillion for United States**



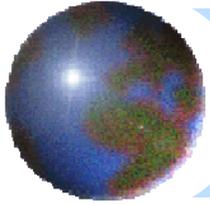
Growth Projections

- Scenario 1
 - Achievement improves by 25 points (1/4 s.d.)
- Scenario 2
 - U.S. achieves at level of Finland
 - PV = 737% of current GDP in United States
 - **\$112 trillion for United States**



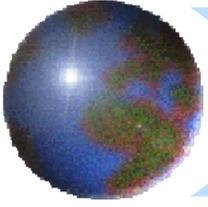
Growth Projections

- Scenario 1
 - Achievement improves by 25 points (1/4 s.d.)
- Scenario 2
 - U.S. achieves at level of Finland
- Scenario 3
 - All students to 400 points (basic skills) [19% in U.S.]
 - PV = 567% of current GDP in United States
 - **\$86 trillion for United States**

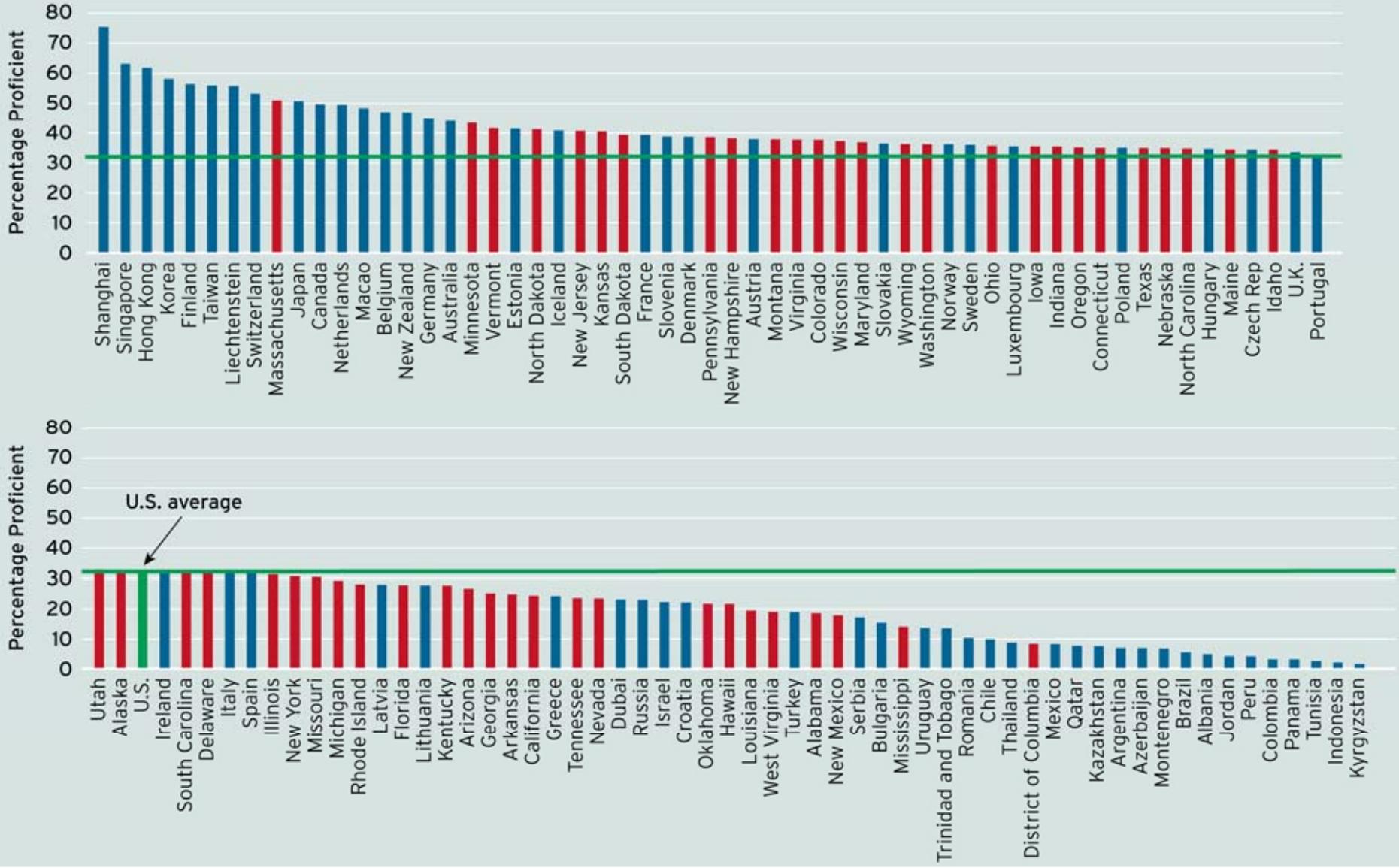


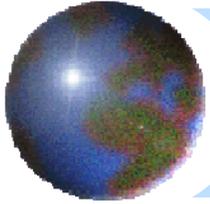
Math League Tables -- 2009

- 32% proficient in U.S. (NAEP standard)
 - 32nd out of 65 countries



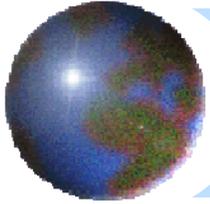
Proficient in Math – PISA 2009





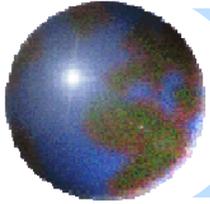
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- Minnesota significantly outperformed by 11



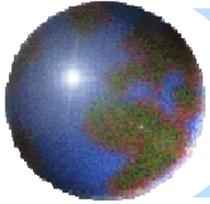
California competes with . . .





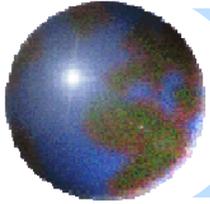
California competes with . . .





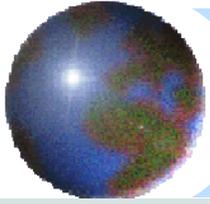
Math League Tables -- 2009

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- Minnesota significantly outperformed by 11
- California significantly outperformed by 36

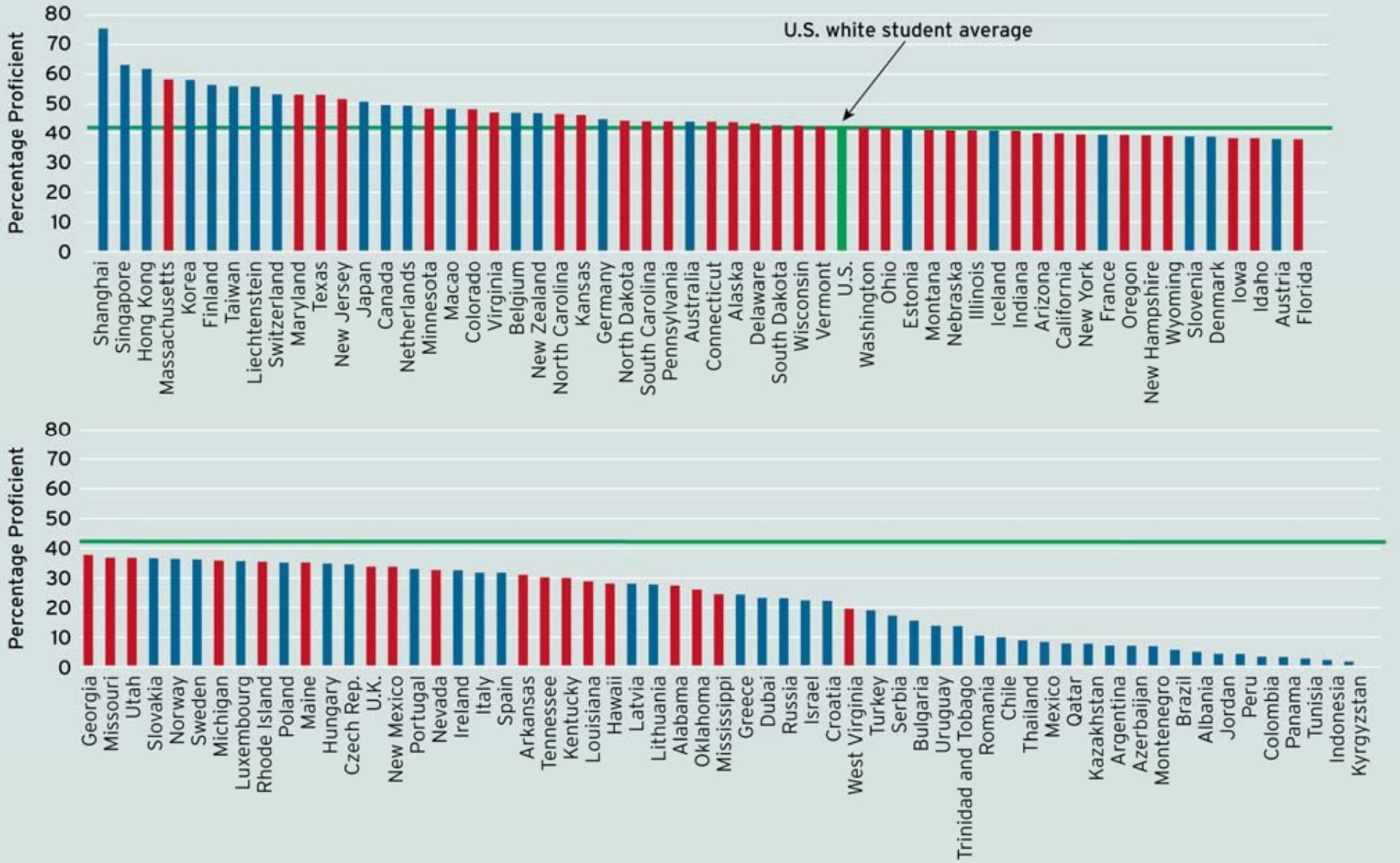


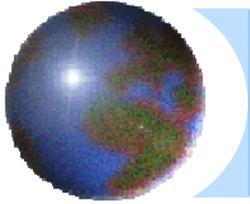
Observations

- Not U.S. having especially difficult to educate
- White students



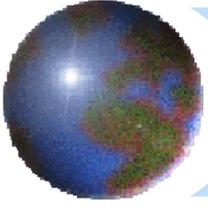
White Students in US vs *All* Internationally



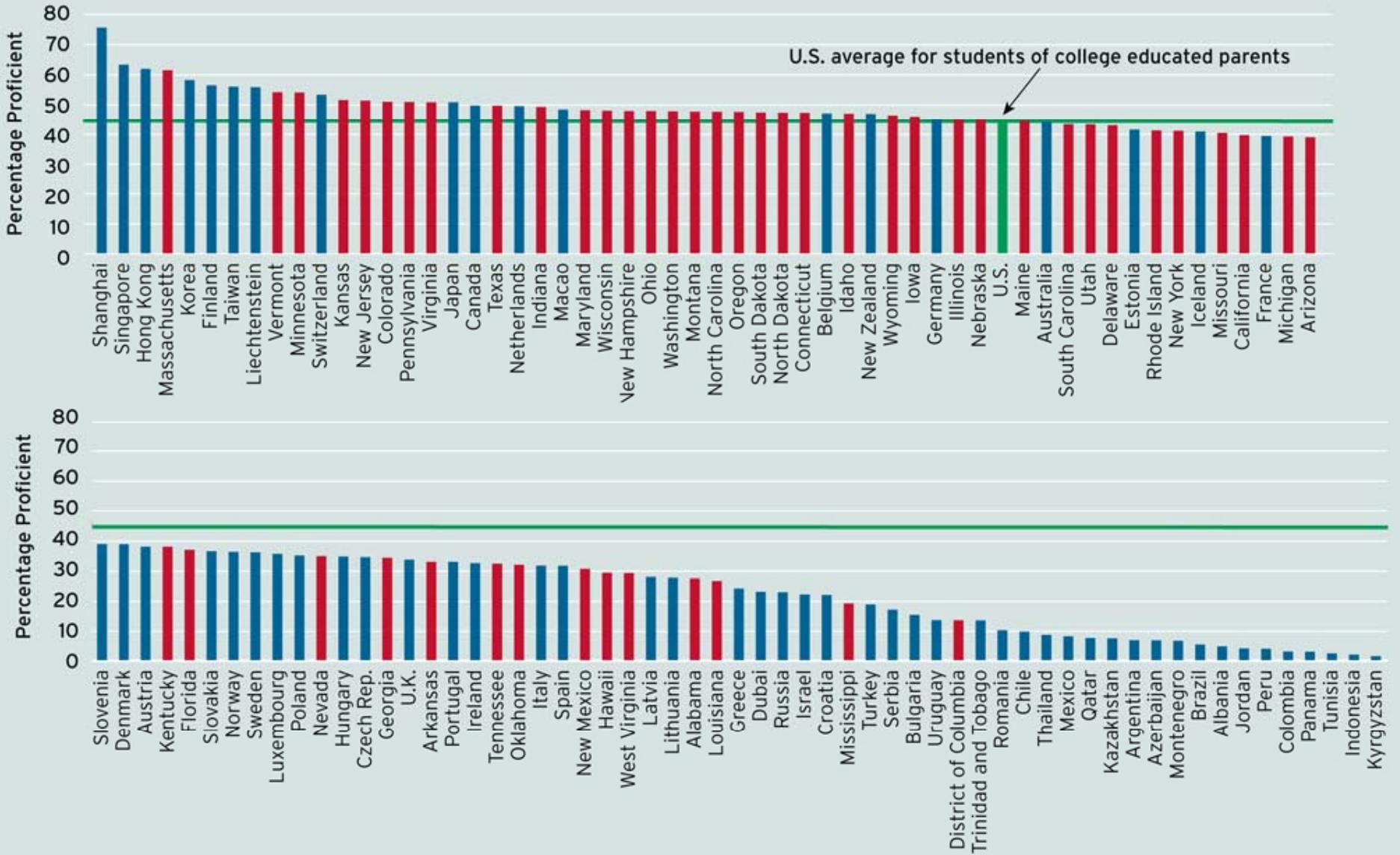


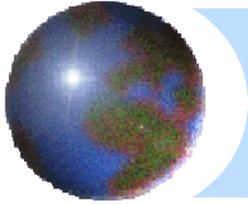
Observations

- Not U.S. having especially difficult to educate
- White students
 - 42% proficient; 17th in comparison to *all* in other countries
- College educated parents



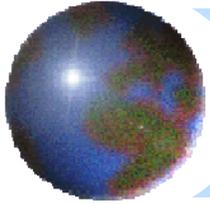
Students in US with College Educated Parent vs *All* Internationally



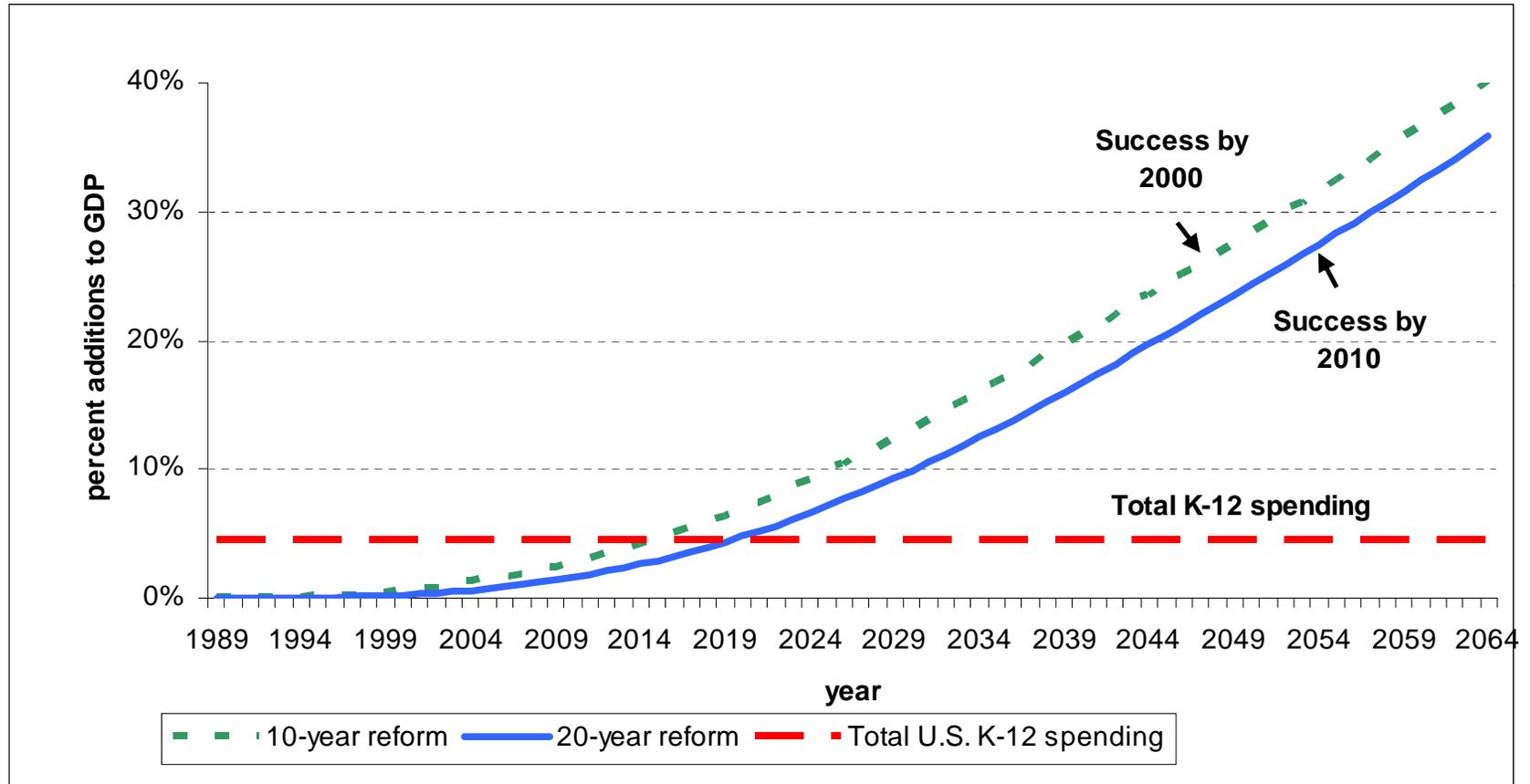


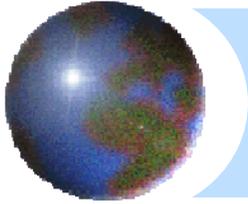
Observations

- Not U.S. having especially difficult to educate
- White students
 - 42% proficient; 17th in comparison to *all* in other countries
- College educated parents
 - 44% proficient; 16th in comparison to *all* in other countries



“First in the World by 2000”





Conclusions

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 - Not a few bad states
 - Not a difficult to educate population
- Very different futures for United States
- Current recession costs dwarfed by schooling crisis
- Easy to ignore, hard to recover