The Healthcare Impact of Raising the Arizona Compulsory School Attendance Age to 18

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Health Policy Fellowship Class of 2011
Introduction
Drop-Out Epidemic

- 3.5 million Americans between the ages of 16 and 25 dropped out of high school and were not enrolled in school in 2003.
- The national high school graduation rate is 73 percent.
- Only two out of every three young people entering high school will earn a diploma, and for minority students the odds are worse.
- US is the only industrialized nation where young people are less likely than their parents to be high-school graduates.

The Heritage Foundation: “K-12 Education in U.S. Costs $100,000,” by Dan Lips, 09/20/2006
How is Arizona Doing?

- Arizona's high school dropout rate was the worst in the nation in 2003 - Arizona ranked last among the states in graduation rates.

- Arizona's dropout rate is 12%, compared with 8% nationally.

- Only 69% of all students in Arizona graduate from high school with a regular diploma in four years.

- The drop out age in Arizona is currently 16 (or 14 with a parent's permission and child’s gainful employment).

What Are The Consequences?

- Young people leave school early and enter a life of poverty, crime, prison, and broken homes.
- Society suffers: loss of productivity and higher costs for health care, social services, and incarceration.
- Not having a high school diploma is a factor in childhood obesity, lower exercise levels, lower self described health status, shorter life span, lack of employment, and lack of insurance.
- Being uninsured leads to higher rates of chronic disease, later diagnoses, worse outcomes, and shorter average lifespan.

“Raising the Compulsory School Attendance Age: The Case for Reform: A Report by Civic Enterprises” with support from the Bill & Melinda Gates, The Case Foundation and The MCJ Foundation, By John M. Bridgeland, John J. Dilulio, Jr., Ryan Streeter
What Can Be Done?

- Raising the compulsory age of attendance helps decrease the dropout rate.
- Approximately one-quarter of potential dropouts remain in school because of compulsory school laws.

Policy Impact?

- Preventing all the drop-outs in 2009 in Arizona would have rendered a total of lifetime savings to Arizona of $366 million.
- 2:1 ratio of health savings to educational cost for every Arizona student who graduates instead of dropping out.

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History and Background
Without a High School Diploma...

- Annual earnings are reduced 29%
- Unemployment increased 50% (14.6% vs. 9.7%)
- Poverty doubles
  - Over 50% in single mother households
- Likelihood of being uninsured increases to 27%

The Heritage Foundation: “K-12 Education in U.S. Costs $100,000,” by Dan Lips, 09/20/2006
(“Healthier and Wealthier: Decreasing Health Care Costs by Increasing Educational Attainment,” Alliance for Excellent Education, Issue Brief, November 2006.)
**Health Reporting**

- “Fair to poor” health reporting in adults is lowered approximately 6% by high school diploma.

- “Fair to poor” health reporting for children is lowered 2% in households with a diploma. (4.4% to 2.4%)

Figure 1a. “Less education is linked with worse health.” Robert Wood Johnson, Commission to Build a Healthier America, “Education Matters for Health”

Figure 1b. “Parents’ education is linked with children’s health.” Robert Wood Johnson, Commission to Build a Healthier America, “Education Matters for Health”
Infant Mortality Rates

- 12th year of education lowered infant mortality rates by 6%
- (as compared with those with 0-11 years of education)

Figure 2: "Infant mortality rates vary by mother's education." Robert Wood Johnson, Commission to Build a Healthier America, "Education Matters for Health"
Life Span

- A high school dropout lives 2-3 fewer years than a high school graduate
- (Others estimate 6-9 fewer years)

Figure 1. For both men and women, more education typically means longer life.†
College graduates can expect to live at least 5 years longer than individuals who have not finished high school.

† This chart describes the number of years that adults in different education groups can expect to live beyond age 25. For example, a 25-year-old man with only a high-school diploma can expect to live 50.6 more years and reach an age of 75.6 years.

For both men and women, more education typically means longer life.

Figure 3: “For both men and women, more education typically means longer life.” Robert Wood Johnson, Commission to Build a Healthier America, “Education Matters for Health”
The Impact of a High School Diploma on Health Care Costs

• Public assistance program participation - including Medicaid - increases without a high school diploma.
• One in four Medicaid recipients was a high school dropout in 2006.
• One in three Medicaid recipients was a high school dropout in 2008.
• The 1.2 million young people who dropped out in 2005 will cost the health care system over $17 billion over the course of their lifetimes.
Medicaid and High-School Drop-Outs

Figure 5: "Percentage of Individuals Ages 25 and Older Living in Households that Participated in Various Public Assistance Programs, by Education Level, 2008. College Board – Advocacy and Policy Center, Public Assistance Programs, Education Pays 2010, Part 1: Individual and Societal Benefits"
Arizona Medicaid saves $10,321 for every dropout who graduates. State uninsured savings per additional graduate is $767. **Total healthcare cost savings of $11,088.**

- If 6,000 students (25% of grade 11-12 dropouts in 2009) were prevented from dropping out, this would result in a lifetime state healthcare cost savings of $66.5 million.
  - Assuming “lifetime” of fifty years beyond graduation, this savings occurs at an average annual rate of $1.3 million.

- 6,000 dropout preventions per year for ten years, would render healthcare cost savings estimated at $71.5 million during that 10 year period.
The Impact of a High School Education on the Economy

- Economic activity increases for every student that graduates instead of dropping out.
- 6,000 more students graduated each year in Arizona leads to...
  - $173 million in increased home sales
  - $78 million in economic growth,
  - $67 million in increased earnings
  - $50 million in increased spending
  - $5 million in increased state tax revenue
  - 340 new jobs

- Total annual increased economic activity: $369 million.
- Total increased state tax revenue over ten year period: $294 million.

(See Table 2)
The Connection between Compulsory Age and High School Graduation

• 25% drop-outs interviewed cited drop out age as the reason they did not complete school.
• 8 out of 10 said they now know having a diploma is important to success in life.
• 3 out of 4 said if they could do it over, they would stay in school.
• The vast majority of students who drop out of school later regret the decision and wish that their states and schools had higher expectations of them.

“Raising the Compulsory School Attendance Age: The Case for Reform: A Report by Civic Enterprises with support from the Bill & Melinda Gates Foundation.
Graduation Rates and Compulsory Attendance Age

- States with a mandatory attendance age of 18 have higher high school graduation rates than other states, including Arizona.

Median Graduation Rate by Age of Compulsory Attendance.

“Ideas at Work,” Center for the Future of Arizona, June 2007
Stakeholders
Previous Legislation

- AZ HB 2670 and AZ HB 2292 failed to increase the compulsory attendance age in Arizona from 16 to 18.
- The Arizona School Boards Association, and Arizona Education Association supported HB 2292.
- Arizona Families for Home Education (AFHE), the Home School Legal Defense Association (HSLDA) and the Arizona Department of Education (AZDE) opposed it.

Arizona School Boards Association, Political Agenda, 2011
Saying “No” to Increase in Age

- **AZDE**
  - “Forces the most disruptive students to stay in class with those who want to be there.”

- **HSLDA**
  - Cost a problem: $26 million a year in KY.
  - Disruptive students will make learning harder for their classmates.
  - Home-school parents would be required to continue to report their home education program until children reached 18.

- **AFHE**
  - Compromises parental rights and “hampers parents’ options.”
  - Raising the compulsory attendance age will not reduce the dropout rate.
Cost of Policy

- The 2009 Fiscal Impact Report for the AZ bills estimated a **maximum cost of $180 million** to the Arizona Department of Education for the additional education of the 33,000 dropouts at a per-pupil per year cost of $5,450.

- This report included 24,200 dropouts from grades 11 and 12, as well as 8,900 dropouts from the 9th and 10th grades.

- A 25% reduction in dropouts from grades 11 and 12 would cost $33 million.

Fiscal Analysis, Bill # HB 2670, Arizona State Legislature 2/8/2008
Janet Napolitano of Arizona “Of jobs that pay a realistic livable wage, less than two percent . . . are available to those with only a high school diploma.”

Bill Richardson of New Mexico “You can’t encourage success if you make it easy to drop out of school.”

John Lynch of New Hampshire “A high school diploma is the minimum price of admission for most jobs.”

Steve Beshear and First Lady Jane Beshear of Kentucky “Why do we let a 16-year-old decide it’s OK to drop out of school?”

Jennifer Granholm of Michigan “A law enacted in 1895 says it’s okay to drop out when you turn 16. Maybe it was okay then, but it is not okay now, and we all know it.”
Recommendation
Increase Compulsory Age

- I recommend new legislation to raise the compulsory school attendance age from 16 to 18 as part of a comprehensive public health strategy in Arizona.
  - Decreasing the number of high school dropouts would improve the health and future prosperity for a significant number of Arizonans as well as their future families.
  - Estimates of increased tax revenues (which offsets cost), economic stimulus, and healthcare savings should be included in the fiscal analysis for the proposed legislation.
Costs returned in healthcare savings at a rate of $2 saved for each education dollar spent.

- Due to decreased reliance on Medicaid and fewer uninsured Arizonans.
Summary

The dropout epidemic is “one of the most important civil rights issues of our generation. In a society that promises an inalienable right to life, liberty, and the pursuit of happiness, one can’t meaningfully pursue happiness without an education that provides an opportunity at a living wage.”

Indiana State Representative Luke Messer

The connection between education, productivity, and health is clear.

Increasing the compulsory age of school attendance would reduce health care costs and would establish a long term investment in public health.
Appendix and Tables
Health Impact of Education

- A high school diploma results in better health, higher pay and lower unemployment. Poverty rates are cut in half and Medicaid participation is reduced by 17%.
- The positive impact of raising the compulsory school attendance age on health status and healthcare costs justifies implementing this reform as part of Arizona’s overall strategy to improve public health and lower health care costs.
Table 1.

Healthcare savings estimates, 10 cohorts, over 10 years, 6,000 fewer dropouts annually

$1.3 million average health savings annually per cohort.

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<th>Year</th>
<th>Years to 2020</th>
<th>Total Cohort Healthcare Savings by 2020</th>
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<td>2019</td>
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<td><strong>Total Projected Healthcare Savings over 10 years</strong></td>
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<td>$71,500,000</td>
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Table 2.

Economic Impact and State Tax Accrual: 10 cohorts of 6,000, 2010-2019.

$369 million annually increased economic activity

$5.3 million annually increased state tax revenue

<table>
<thead>
<tr>
<th>Cohort</th>
<th>Number of Years to 2020</th>
<th>Total Cohort Economic Impact by 2020</th>
<th>Total Cohort Increased State Tax Revenue by 2020</th>
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<td>Education Costs (6,000 fewer dropouts per yr.)</td>
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<td>Total Cohort Economic Impact by 2020</td>
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