

## Estimated Return on Investment (ROI) for FY 2010 ABE

**Creating a cumulative Return on Investment total for ABE - a complex, multifaceted program - is difficult. To provide greater accountability to our funders and major stakeholders, we have documented some specific ways in which various ABE program outcomes support a high return on investment.**

### I. GEDs

**Completion of GEDs leads to higher annual wages, increased tax payments, and decreased public services costs**

	5951
GEDs Earned 2010	
Ave. cost per ABE (GED) student - 2010	\$668
Cost for GED instruction -2010	\$3,975,268
<b>ROI for GEDs:</b>	
Ave. annual income increase for GED/hs graduate*	\$7,000
Ave. annual aggregate wage increase (GEDs * Ave. income increase)	\$41,657,000
Ave. annual tax rate	5.35%
Ave. annual income tax payments increase for 5,951 GED graduates	\$2,228,650
Ave. 10 year income tax payment increase for 5,951 GED graduates	\$22,286,495
Potential ROI over 10 years for 5,951 GED graduates (tax payments * cost)	<b>\$18,311,227</b>
<b>Potential cost reduction for high school dropouts</b>	
Ave. lifetime cost to taxpayers per high school dropout, inc. incarceration **	\$292,000
Lifetime costs savings to taxpayers for 5,951 GED graduates	<b>\$1,737,692,000</b>

\* Based on MN Business Partnership and 2000 Census  
\*\* Based on Northwestern University Center for Labor Market Studies, 2009

### II. Corrections

**Various studies show different impacts of education on recidivism; virtually every recent study indicates very positive impacts**

**The Three State Recidivism Study:** Among Minnesota prisoners participating in educational programming, the (Minnesota, Ohio, and Maryland) \* re-arrest rate was 22% lower, re-conviction rate was 29% lower, and the re-incarceration rate was 33% lower; overall, every dollar spent on education saves more than \$2 in reduced future prison costs\*

<b>ROI for ABE, based on this study:</b>	
Amount spent on basic skills instruction by DOC, 2009	\$5,200,000
Amount potentially saved in future prison costs	<b>\$10,400,000</b>

#### **Impact of Prison Education Programs on Post-Release Outcomes study:**

\* Every \$962 in academic training can save \$5,305 in future criminal justice costs \*\*

#### **ROI for correctional setting**

<b>ABE, based on this study:</b> Amount potentially saved (\$5.2M/962, X 5305)	<b>\$28,675,676</b>
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\* Three-state recidivism study, 2003 (Steurer, Smith, Tracy)  
\*\* The impact of prison education programs on post-release outcomes, 2008 (Gaes, Gerald G.)

### III. Transitions to Higher Education

**Completing even some college leads to higher annual wages**

<b>ROI for higher education:</b>	
Ave. annual income increase for individuals w/high school diploma vs. high school dropout*	\$7,000
Ave. annual increase for individuals w/some college but no degree vs. high school graduate**	\$7,540
Total ave. annual income increase for ABE student who completes GED and attends some college	<b>\$14,540</b>

**Why is this important?** Only 40% of Minnesota's workers now have a post-secondary degree (Associate or higher); Seven years from now, 70% of Minnesota jobs will require education beyond high school \*\*\*

\* U.S. Census data  
\*\* Data from ACE, managing corporation for GED  
\*\*\* All Hands on Deck, 2010, Minnesota Governors' Workforce Development Council