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## Why Adult Education is Needed

- 491,863 Arkansans 18 years of age or older function below a 12<sup>th</sup> grade level
- 268,781 working-age Arkansans have less than a high school diploma
- 399,755 of Arkansans lack basic literacy skills
- 79,002 Arkansans 5 years or older speak English “less than very well”
- 12,500 students dropped out of high school in the 2008-2009 school year

## Primary Functions of the Adult Education Division

- Provide basic academic education skills to pass the GED® tests
- Conduct classes to improve basic academic skills for those who *function below 12<sup>th</sup> grade level*
- Provide instruction to improve basic academic skills to enable students to enter post-secondary education or training
- Provide basic academic skills training to enhance employability
  - Career Readiness Certificate (CRC)
  - Workforce Alliance for Growth in the Economy (WAGE)<sup>™</sup>
- Provide English for Second Language (ESL) instruction

## Adult Education Results for 2008-2009

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|---|--------------|
| • GED's awarded                                       | 7,443        |
| • GED pass rate in U.S. is 73%; pass rate in Arkansas | 85%          |
| • Students served                                     | 51,295       |
| • Students making grade level educational gains       | 79%          |
| • Students entering Post-Secondary                    | 2,386        |
| • Students who gained Employment                      | 4,804        |
| • Students who retained employment                    | 3,362        |
| • WAGE Certificates Earned                            | 707          |
| • Enrollment in ESL                                   | 7,189        |
| • State funds expended for 2008-2009                  | \$18,025,693 |
| • Federal funds expended for 2008-2009                | \$ 5,269,613 |

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## Economic Benefits to Arkansas Resulting from 2008-2009 Funding

- Studies show that a high school graduate earns an average of \$8,860 more per year than a non-HS graduate. The GED is a step that places the employee in this higher earnings category. Using 2008-2009 state investment of \$18 million and applying these study results to the 7,443 GED's gives
    - Projected Additional State Income Tax per Year (3% rate) **\$1,978,349**  
➤  $(\$8,860 \times 7,443 \text{ GEDs} \times 0.03)$
    - Projected Additional State Sales Tax per Year (6% rate) **\$3,165,359**  
➤  $(\$8,860 \times 0.80 \times 7,443 \times 0.06)$
    - Projected Total Annual State Tax Benefit from Added Earnings **\$5,143,708**
  - Of the \$18,025,693 expended for adult education, \$14,400,000 (80%) is for salaries for adult education employees. The state realizes **\$1,123,200** directly back in income and sales taxes from these salaries each year.
  - According to the 2000 U.S. Census, individuals with some college earn an average of \$4,290 per year more than high school graduates. In 2007-2008, 2,386 students from adult education entered post secondary education. This generates **\$10,235,940** in taxable revenue resulting in **\$921,234** annually in additional state taxes.
  - GEDs earned by prison inmates directly reduce recidivism by 6.1%. 850 GEDs were earned in Arkansas prisons in 2005. The lower recidivism rate means that 52 of these do not return to prison. This means an annual savings to the state of **\$1,138,800**. Also, recent legislation allowing 90 days meritorious good time for earning the GED produces further savings in housing cost of **\$4,400,000** due to early release of this graduating class of 850. These are annual benefits.
  - Using these annual benefits and assuming a conservative 10 year working career for the GED recipient, the net present value of state adult education funding, after return of the \$18,025,693 state funding, for the 2008-2009 GED class is **\$26,642,618**, generating a rate of return on investment of **43%**. That is, the State of Arkansas gets **all funding dollars back plus an additional \$27 million** for money invested in the Adult Education program in 2008-2009. Similar results apply to other years.
  - In addition to the above specific benefits, lifetime total health savings for the high school graduate, compared to a non-graduate, is estimated to be \$40,500. In 2007-2008, 5,216 students aged 16-24 earned their GED in Arkansas. The total savings in public health care over their lifetimes is \$211,248,000. Also, the lifetime total welfare cost- savings for a high school graduate is estimated to be \$3,000. Again using the 5,216 students aged 16-24 who earned their GED in Arkansas in 2007-2008, this would produce a total state welfare cost-savings over their lifetimes of \$15,648,000.
  - Educational attainment of parents positively impacts the family literacy environment.
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