ALLIANCE FOR EXCELLENT EDUCATION

A Summary of

The High Cost of Low Educational Performance: The Long-Run Economic Impact of Improving PISA Outcomes

By the Organisation for Economic Co-Operation and Development

Relatively small improvements in students' educational performance can have large impacts on a nation's future economic well-being. To be released by the Organisation for Economic Co-Operation and Development (OECD) on January 25, 2010, this report examines three scenarios to estimate what the long-term effects of educational improvement, as measured by scores on the highly regarded Programme for International Student Assessment (PISA) would be on the nation's gross domestic product.

Scenario 1: Increase average scores on PISA by twenty-five points over twenty years.

> This relatively modest goal—less than Poland achieved in just six years, from 2000 to 2006—would result in an increase in the U.S. Gross Domestic Product (GDP) of $40 trillion over the lifetime of the generation born in 2010. Even this minor performance improvement represents a significant 25 percent increase over what might be expected without raising the current level of student performance.

Scenario 2: Bring each country to the average level of Finland.

> Finland is the highest-performing country on PISA, scoring about fifty points higher than the United States in mathematics and science. Raising U.S. scores to that level would increase GDP by $100 trillion over the lifetime of a child born in 2010.

Scenario 3: Bring all students up to a minimum skill level.

> Although the United States's average score exceeds the PISA minimum level (400 on a 0-to-1000 scale), about 19 percent of U.S. students perform below those levels. Simply raising the cognitive skills of those students would add $72 trillion to GDP over the lifetime of a child born in 2010.

This analysis suggests that there are enormous economic gains available to countries that improve the cognitive skills of their populations. Another major finding is that the quality of learning outcomes—not the length of schooling—is what makes the major difference in economic gains.

As in any projections, there is uncertainty in these projections. But even reducing the projections to allow for plausibly minimal estimates suggests very large implications of improved cognitive skills and human capital. Even achieving just one half of the projected impact remains a remarkably important potential change in the economic growth of the United States.

Changing schools and educational institutions is a difficult task. This report does not provide answers in terms of the reforms that might be most productive. But simply saying change is "too difficult" implies foregoing enormous economic gains.