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The High Cost of Low Graduation Rates:

How Much Does Dropping Out of College Really Cost?

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August 2011

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Copies of this paper can be downloaded at <http://www.air.org/highcost/>, and questions can be addressed to the authors at mschneider@air.org or myin@air.org. Proper citation is as follows: Schneider, M., & Yin, L. (2011). *The high cost of low graduation rates: How much does dropping out of college really cost?* Washington, DC: American Institutes for Research.

Executive Summary

President Obama has set an ambitious goal for the nation: By the year 2020, the United States will have the highest proportion of adults with college degrees in the world. The Obama administration sees the successful completion of postsecondary education as essential to American competitiveness. Governors likewise see the economic future of their states as dependent on the development of a highly educated workforce that can compete with other states and other nations.

There also are more immediate reasons for elected officials to want more college graduates. College graduates earn, on average, far more than college dropouts, and these higher earnings translate directly into higher income tax payments that can help solve growing fiscal problems at the federal and state levels. But our colleges and universities are now graduating only slightly more than half the students who walk through their doors. Much of the cost of dropping out is borne by individual students, who may have accumulated large debts in their unsuccessful pursuit of a degree and who forfeit the higher earnings that accrue with a bachelor's degree. This report shows the high costs of low college graduation rates in terms of lost income and in lower tax receipts for federal and state governments.

For students who started in fall 2002 as full-time students seeking a bachelor's degree but failed to graduate six years later, the cost to the nation was approximately

- \$3.8 billion in lost income;
- \$566 million in lost federal income taxes; and
- \$164 million in lost state income taxes.

These estimated losses are for one year and for one class of students. Because the losses for these students accumulate year after year, these estimates understate the overall costs of low college graduation rates. Further, this report focuses on only one cohort of students; however, losses of this magnitude are incurred by each and every college class. In short, there are high costs for low graduation rates borne by individual students, by their families, and by taxpayers in each state and the nation as a whole.

Detailed state data and tools to compare income and tax losses across states are available through CollegeMeasures.org at <http://www.collegemeasures.org/highcost/>.

Introduction

President Obama has set an ambitious goal for the nation: By the year 2020, the United States will have the highest proportion of college graduates in the world. The president made this goal central to his first address to a joint session of the Congress in February 2009¹ and has repeated the call many times since. Governors also have joined the campaign: Measuring and increasing college graduation rates is a central theme for the National Governors Association's Complete to Compete initiative.²

The president's goal is central to what is now called the "college completion agenda," a national effort aimed at increasing the number of students who actually graduate from college once they enroll. There is reason for concern about the nation's college graduation rates: On average, only slightly more than half of the students who start at a four-year college or university will graduate from that

school with a bachelor's degree within six years.³ Although some of these students will eventually graduate from another school, most will not.

The Obama administration sees the successful completion of postsecondary education as essential to American competitiveness. Governors likewise see the economic future of their states as dependent on the development of a highly educated and skilled workforce that can compete with other states and other nations.

There also are more immediate reasons for governors to want more college graduates in their states. According to the U.S. Census Bureau, young adults between the ages of 25 and 34 with a college degree, working year-round, earn about 40 percent more than similar age adults with some college who have not completed a degree, and about two-thirds more than similar age adults with just a high school

1 President Obama's February 2009 address to Congress is available at http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Address-to-Joint-Session-of-Congress/.

2 Information on the NGA's Complete to Compete initiative is available at <http://www.subnet.nga.org/ci/1011/resources.htm>.

3 According to the most recent data from the National Center for Education Statistics (see <http://nces.ed.gov/pubs2011/2011230.pdf>), the average six-year graduation rate for all bachelor's degree-granting institutions is 57 percent.

diploma.⁴ These annual differences accumulate over time, and the lifetime earnings of a college graduate can exceed those of a high school graduate by as much as a half million dollars. Given these higher earnings, many governors are looking at a more educated population as a way of dealing with the growing fiscal crises they face; most states have state income taxes, and state treasuries benefit directly from the higher incomes earned by college graduates.

In short, for graduates, for taxpayers, and for policymakers, there are clear fiscal benefits to getting more students to complete their college degrees. But remember, American colleges and universities are graduating only slightly more than half the students who walk through their doors. Much of the cost of dropping out is borne by individual students, each of whom may accumulate large debts in the unsuccessful pursuit of a degree and give up the higher earnings that accrue after obtaining a bachelor's degree.

But low college graduation rates also cost taxpayers dearly. Each and every year, through government appropriations and student grant programs, taxpayers send millions upon millions of dollars to colleges and universities to support students who do not return to their colleges after the first year. In a 2010 report, American Institutes for Research (AIR) showed that states spend more than *\$1.3 billion per year* on students who drop out during their first year of college; the federal government spends an additional *\$300 million per year*.⁵

The current report documents the size of potential tax revenues lost to federal and state governments associated with the large number of students who do not graduate from college. Because college graduates earn so much more than students who

start college but do not graduate, federal and state governments are losing out on the income tax payments that would be collected on the higher earnings of college graduates.

For full-time students who started college in fall 2002 seeking a bachelor's degree but failed to graduate six years later, approximately

- \$3.8 billion was lost in income;
- \$566 million was lost in federal income taxes; and
- \$164 million was lost in state income taxes nationwide.

These losses are for one year and for one class of students. They therefore understate the overall costs of low college graduation rates because losses for this cohort accumulate year after year. Further, losses of this magnitude are incurred for each and every new cohort of students entering college.⁶

We are aware that the U.S. unemployment rate remains high, and this situation has raised questions about the economic returns of earning a bachelor's degree. Given current articles in the press about the hard times facing college graduates,⁷ readers may question the size of the gains we have calculated in this report. However, we believe that even in difficult economic times, students and federal and state governments stand to benefit significantly from having more college graduates. First, unemployment rates vary significantly by educational level: Americans with bachelor's degrees and higher have an unemployment rate that is about half that of Americans with some college or

4 Data on mean earnings by educational attainment are available through the U.S. Census Bureau at http://www.census.gov/hhes/www/cpstables/032010/perinc/new04_001.htm.

5 The AIR report *Finishing the First Lap* is available at http://www.air.org/files/AIR_Schneider_Finishing_the_First_Lap_Oct101.pdf.

6 We used a model that assumes a rising supply of more skilled workers will not affect mean income. This static model might push up our estimates of the losses, since a large increase in the supply of bachelor's degrees might reduce the earnings premium. Furthermore, we assume that if the students who dropped out of college were able to finish their degrees, their earnings would be similar to the students who currently succeed in graduating.

7 See Kevin Carey's June 2011 article in *The New Republic*, "Bad Job Market: Why the Media Is Always Wrong About the Value of a College Degree" at <http://www.tnr.com/print/article/economy/89675/bad-job-market-media-wrong-college-degree>.

associate degrees.⁸ Second, the most recent data from the American Community Survey show that over time, even in tough economic times, a degree pays off.⁹ Finally, the current recession will not last forever, and the bachelor's degree has proven to have economic value in hard times and boom times alike.

Estimating First-Year Losses

To generate our estimates of lost income and taxes, we began with data collected from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS).¹⁰ We used these data to estimate the number of students who dropped out from each four-year degree-granting campus covered by IPEDS. We summed these campus-by-campus numbers to create a total number of college dropouts in each state.

Before looking at the calculations in more detail, however, we need to note a measurement problem: IPEDS graduation rates are based on first-time, full-time students in four-year colleges and universities, which represent less than half of the college students in the United States. Further, IPEDS graduation rates are "institutional graduation rates" because they are based on the experience of students at individual schools. As is well-known, IPEDS graduation rates are imperfect because they do not track part-time students and transfer students. These shortcomings affect our estimates in different ways. The absence of part-time students in our calculation underestimates our count of the number of college

dropouts because part-time students graduate at even lower rates than the full-time students covered by IPEDS. On the other hand, IPEDS does not track transfer students, who may go on to graduate from another college or university instead of the school in which they first enrolled; this lack of tracking may result in IPEDS' overestimation of the number of college dropouts. According to our calculations based on the most recent Beginning Postsecondary Students (BPS) Longitudinal Study,¹¹ which follows individual students, about 9 percent more students graduated from college nationwide in six years than were counted by IPEDS. This increased number would reduce the size of the losses we document. Given the growing number of college students that IPEDS misses in its initial counts and the relatively small percentage of students who transfer and graduate from college, overall, we suspect that our estimates are lower than a full accounting would produce.

With these measurement issues in mind, we began with the latest college graduation rate data reported by the U.S. Department of Education, which was for the 2008–09 academic year. Under existing federal law, each college and university whose students receive federal student aid under Title IV of the Higher Education Act must report six-year graduation rates to IPEDS. Institutions also are required to report the number of students in the cohort upon which this graduation rate is calculated. In developing our estimates, we began with the number of students who started in each of 1,636 campuses included in our sample¹² during the 2002–03 academic year. We then subtracted the number of students who completed their bachelor's degree within the next six years; the remainder we used as an estimate

8 Data are from the Bureau of Labor Statistics at <http://www.bls.gov/news.release/empsit.t04.htm>.

9 See, for example, the detailed analysis of these earnings data by Anthony Carnevale, Jeff Strohl, and Michelle Melton in their recent study *What's It Worth? The Economic Value of College Majors*, available at <http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/whatsitworth-complete.pdf>. Another study, *The Undereducated American*, by Anthony Carnevale and Stephen J. Rose, breaks down the college premium by occupations and shows that college has big benefits even in many fields where a degree is not crucial; this study is available at <http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/undereducatedamerican.pdf>.

10 The IPEDS website is available at <http://nces.ed.gov/ipeds/>.

11 The BPS website is available at <http://nces.ed.gov/surveys/bps/>.

12 Our sample consists of 1,636 four-year bachelor's degree-granting colleges and universities. We excluded associate's degree-granting institutions from our sample, and we also excluded campuses classified as "special focus" in the Carnegie "basic" classification. (The Carnegie Classifications of Institutions of Higher Education are maintained by the Carnegie Foundation for the Advancement of Teaching.)

of the number of students who dropped out along the way. We then aggregated these numbers to the state level.

The income losses incurred by students not earning a college degree are estimated as the difference between the median earnings for young adults with some college but no degree, and the median earnings for young adults with a bachelor's degree. These median earnings data by education are available at the national level in 2009. However, there is wide variation in income across the states. Because we wanted to provide state-level data on income and tax losses, we needed an estimate of median income state-by-state for students who completed college compared to those who did not. For this, we turned to American Community Survey, which reports average earnings by education for each state.¹³ Indeed, we found variation in the size of that gap across the states. For example, the income gap between college dropouts and college graduates for 21- to 24-year-olds, adjusted to 2010 dollars, is less than \$8,000 in Kansas, Hawaii, North Carolina, Washington, and Florida, but more than \$11,000 in California, New Jersey, and New York.¹⁴

Multiplying this gap between college dropouts and college graduates by the number of dropouts produces an estimate of lost earnings for each state. Earlier, we presented the total lost income at the national level by aggregating these state estimates, which was \$3.8 billion per year for this one cohort.

To estimate the size of the lost federal income taxes, using the 2010 federal tax rate schedule,¹⁵ we calculated the federal income taxes due at

the income level of a college graduate versus the income level of a young adult with some college but no degree. We multiplied the difference in those two tax payments by the total number of dropouts to generate a state-by-state estimate of the federal income taxes lost. Summing up those numbers across states produces our national estimate: a loss of \$566 million in federal income tax payments for the one cohort in our sample in 2010.¹⁶

Although federal income tax rates are constant across the nation, state income tax rates vary widely. We turned to the Tax Foundation for these rates¹⁷ and repeated the process noted for the federal income tax—but, in this case, using state income tax rates. We multiplied the dollar difference in state income tax payments by the number of college non-completers and generated an estimate for each state that we summed up to produce an estimated loss of more than \$164 million in state income tax payments for one year.

Estimating Cumulative Losses: Present Value Analysis

These are big numbers—\$3.8 billion in lost income, \$566 million in lost federal taxes, \$164 million in lost state taxes—but they represent the losses for only *one year* and for only *one cohort of students*. In short, they represent only the tip of a very big iceberg of losses.

We can get an idea of the size of the cumulative losses for this one cohort by calculating the present value (PV) of these losses. We estimate the PV of future earnings and taxes for college dropouts over their work lives (here we use 45 years to calculate the work life earnings) using the 2010 30-year Treasury

13 Data on median earnings by education are from the 2000 American Community Survey administered by the U.S. Census Bureau (see “Earnings by Occupation and Education” at <http://www.census.gov/hhes/www/income/data/earnings/index.html>), the most recent state-by-state income data available.

14 We used median earnings for young adults ages 21 to 24—the closest age group for college dropouts and graduates—as income estimates and then converted these data into 2010 dollars using the change in the Consumer Price Index between 2000 and 2010.

15 The federal tax rate schedule for 2010 is available at the Internal Revenue Service at <http://www.irs.gov/pub/irs-pdf/i1040tt.pdf>.

16 We use 2010 as the first full year after graduation for this cohort of students.

17 The state income tax rate schedule is from the Tax Foundation at <http://www.taxfoundation.org/publications/show/228.html>.

bill interest rate, 4.5 percent, as the discount rate.¹⁸ We estimate that the cumulative losses for this one cohort of students over their work lives to be

- \$158 billion in lost income;
- \$32 billion in lost federal income tax payments; and
- \$7 billion in lost state income tax payments.

Our analysis allows for the measurement of these losses at the state level—the task to which we now turn.

Income and Tax Losses by State

In 14 states, the income losses from this cohort of students exceed \$100 million annually—ranging from California, with close to \$390 million in lost income, and New York, with close to \$360 million, and decreasing to Louisiana, Massachusetts, North Carolina, and New Jersey, all between \$101 million and \$107 million in lost income (see Table 1).

These losses are paralleled by federal income tax losses ranging from more than \$50 million per year in California, New York, and Texas to approximately \$15 million in Massachusetts, North Carolina, and New Jersey. Remember that this is *just one cohort and just one year's loss*.

Table 1. States That Lost More Than \$100 Million in Income and at Least \$15 Million in Federal Income Taxes

| State | Income Lost | Federal Taxes Lost |
|----------------|---------------|--------------------|
| California | \$386 million | \$57 million |
| New York | \$359 million | \$53 million |
| Texas | \$341 million | \$51 million |
| Pennsylvania | \$185 million | \$27 million |
| Illinois | \$173 million | \$25 million |
| Ohio | \$161 million | \$24 million |
| Michigan | \$139 million | \$20 million |
| Florida | \$132 million | \$19 million |
| Virginia | \$128 million | \$19 million |
| Georgia | \$117 million | \$17 million |
| Louisiana | \$107 million | \$16 million |
| Massachusetts | \$104 million | \$15 million |
| North Carolina | \$103 million | \$15 million |
| New Jersey | \$101 million | \$15 million |

Note: Table 1 presents data on one year of lost income and lost federal taxes for the cohort of full-time students who started college in fall 2002 but did not graduate within six years.

18 The income data reported in the 2000 Census are clustered into five-year and ten-year age cohorts (ages 21–24, 25–34, 35–44, 45–54, and 55–64). To estimate the size of these cumulative losses to both the individual and the taxpayer, we first calculated annual income growth rates for each age cohort. Using the 2010 30-year Treasury bill interest rate, 4.5 percent, as the discount rate, we calculated the PV of

the lifetime earnings and federal and state income taxes for bachelor's degree holders and non-completers. We multiplied the dollar difference in income and federal and state income tax payments by the number of college dropouts to generate an estimate for each state and for the nation.

If we look at the cumulative losses over the work life of this cohort, the numbers are staggering (see Table 2). In California, college dropouts are losing nearly \$15 billion in earnings over their work lives, costing the federal government more than \$3 billion in lost income taxes. College dropouts from New York and Texas are losing more than \$13 billion in earnings over their lifetime and more than \$2.5 billion in federal taxes. Dropouts in other states, including Illinois and Florida, are losing more than \$5 billion in lifetime earnings and more than \$1 billion in federal taxes. These are high losses for both the college dropout and for taxpayers.

Of more immediate interest to governors and state legislators will be our estimates of lost state income tax receipts. The amount lost is a function not only of the forgone income but also of state income tax rates. Some states with big income losses, notably Florida and Texas, have no state income taxes, so the big earnings losses do not translate into corresponding losses in income tax revenues. That said, there

are ten states that lost more than \$5 million from this one cohort in 2010 state tax receipts (see Table 3). These losses range from large states with high taxes, such as California and New York, where the annual loss of state income taxes comes to more than \$20 million; through Virginia, North Carolina, and Georgia, with annual losses from this cohort at approximately \$7 million; through the remaining top ten losers—Michigan, Pennsylvania, Ohio, Massachusetts, and Illinois—at approximately \$5 million.

Detailed state data and tools to compare earnings and tax losses across states are available through CollegeMeasures.org at <http://www.collegemeasures.org/highcost/>.

When we look at the cumulative losses to state treasuries over the work lives of these dropouts, the losses range from more than \$1 billion in state income taxes in California, to \$934 million in New York, and more than \$200 million in each of the

Table 2. Present Value of Lifetime Losses in 14 States

| State | Income Lost | Federal Taxes Lost |
|----------------|----------------|--------------------|
| California | \$14.7 billion | \$3.1 billion |
| New York | \$13.6 billion | \$2.9 billion |
| Texas | \$13.3 billion | \$2.8 billion |
| Pennsylvania | \$7.8 billion | \$1.3 billion |
| Illinois | \$6.8 billion | \$1.4 billion |
| Ohio | \$6.8 billion | \$1.4 billion |
| Michigan | \$5.8 billion | \$1.2 billion |
| Florida | \$5.6 billion | \$1.1 billion |
| Virginia | \$5.0 billion | \$1.0 billion |
| Georgia | \$4.8 billion | \$1.0 billion |
| Louisiana | \$4.3 billion | \$805 million |
| Massachusetts | \$4.3 billion | \$957 million |
| North Carolina | \$4.5 billion | \$943 million |
| New Jersey | \$3.8 billion | \$854 million |

Note: Table 2 presents data on the PV of lifetime lost income and lost federal taxes for the cohort of students who started college in fall 2002 but did not graduate within six years.

Table 3. States With the Largest State Income Tax Losses: Annual Loss and Present Value of Lifetime Loss

| State | Annual State Income Lost | PV of Lifetime State Income Lost |
|----------------|--------------------------|----------------------------------|
| New York | \$24 million | \$934 million |
| California | \$21 million | \$1.2 billion ¹⁹ |
| Virginia | \$7 million | \$288 million |
| North Carolina | \$7 million | \$319 million |
| Georgia | \$7 million | \$289 million |
| Michigan | \$6 million | \$254 million |
| Pennsylvania | \$5 million | \$239 million |
| Ohio | \$5 million | \$267 million |
| Massachusetts | \$5 million | \$231 million |
| Illinois | \$5 million | \$204 million |

Note: Table 3 presents data on the annual loss and the PV of lifetime loss of state income taxes for the cohort of students who started college in fall 2002 but did not graduate within six years.

remaining eight states listed in the table. Again, these numbers are for a single cohort of students—and every year, tens of thousands of students drop out of college, creating a never-ending cumulative loss for all of us.

In short, not only are states spending large amounts of money educating students who drop out, but these dropouts also are costing states millions of dollars in lost tax revenues.

¹⁹ New York has a higher tax rate than California at lower income levels; but, as incomes increase, California's tax rates increase more steeply. Part of the PV calculations includes the assumption that incomes will grow over time. As incomes grow, California's taxes increase faster than New York's, explaining the reversal in the number one spot from first-year taxes and lifetime ones, captured by the PV.

Conclusion

Students who start college but do not graduate incur large personal expenses. They pay thousands of dollars in tuition, they likely take out loans, they change their lives, but they fail in one of the most important goals they have ever set for themselves. In the meantime, taxpayers pay billions of dollars in grants and state appropriations to support these students as they pursue degrees they will never earn.

In this report, we have documented yet another cost of the nation's low college graduation rate. As a nation, we incur hundreds of millions of dollars in lost income each year. These losses translate into millions of dollars in lost income taxes.

President Obama's call for the United States to regain the lead as the nation in the world with the highest concentration of college and university degrees has a fiscal underpinning that is beyond question: Low college graduation rates are costly for students, for their families, and for taxpayers in each state and the nation as a whole.

Appendix

In this section of the report, we provide detailed information for all 50 states and the District of Columbia on the financial losses related to college dropouts from the 2002 entering bachelor's degree cohort.

Table A1 presents annual state income and tax losses for this group. Table A2 presents the present value of lifetime state income and tax losses for this group.

Table A1. Annual State Income and Tax Losses for College Dropouts From the 2002 Entering Bachelor's Degree Cohort

| State | Lost Income | Lost Federal Income Tax | Lost State Income Tax |
|----------------|------------------------|-------------------------|-----------------------|
| Alabama | \$87,370,000 | \$13,105,000 | \$4,368,000 |
| Alaska | \$3,360,000 | \$504,000 | \$0 |
| Arizona | \$72,257,000 | \$10,838,000 | \$2,111,000 |
| Arkansas | \$40,409,000 | \$6,061,000 | \$2,124,000 |
| California | \$386,347,000 | \$57,952,000 | \$21,821,000 |
| Colorado | \$52,930,000 | \$7,939,000 | \$2,450,000 |
| Connecticut | \$53,903,000 | \$8,085,000 | \$2,695,000 |
| D.C. | \$12,862,000 | \$1,929,000 | \$771,000 |
| Delaware | \$13,724,000 | \$2,058,000 | \$759,000 |
| Florida | \$132,023,000 | \$19,803,000 | \$0 |
| Georgia | \$117,444,000 | \$17,616,000 | \$7,046,000 |
| Hawaii | \$10,076,000 | \$1,511,000 | \$755,000 |
| Idaho | \$16,559,000 | \$2,483,000 | \$1,225,000 |
| Illinois | \$173,239,000 | \$25,985,000 | \$5,197,000 |
| Indiana | \$90,553,000 | \$13,583,000 | \$3,078,000 |
| Iowa | \$29,008,000 | \$4,351,000 | \$1,889,000 |
| Kansas | \$40,045,000 | \$6,006,000 | \$2,502,000 |
| Kentucky | \$51,805,000 | \$7,770,000 | \$3,004,000 |
| Louisiana | \$107,674,000 | \$16,151,000 | \$4,306,000 |
| Maine | \$8,582,000 | \$1,287,000 | \$600,000 |
| Maryland | \$47,450,000 | \$7,117,000 | \$2,253,000 |
| Massachusetts | \$104,995,000 | \$15,749,000 | \$5,564,000 |
| Michigan | \$139,860,000 | \$20,979,000 | \$6,083,000 |
| Minnesota | \$57,109,000 | \$8,566,000 | \$3,449,000 |
| Mississippi | \$24,609,000 | \$3,691,000 | \$1,230,000 |
| Missouri | \$67,502,000 | \$10,125,000 | \$4,050,000 |
| Montana | \$9,256,000 | \$1,388,000 | \$599,000 |
| Nebraska | \$21,020,000 | \$3,153,000 | \$1,076,000 |
| Nevada | \$11,686,000 | \$1,752,000 | \$0 |
| New Hampshire | \$10,752,000 | \$1,612,000 | \$537,000 |
| New Jersey | \$101,625,000 | \$15,243,000 | \$2,378,000 |
| New Mexico | \$19,955,000 | \$2,993,000 | \$955,000 |
| New York | \$359,561,000 | \$53,934,000 | \$24,481,000 |
| North Carolina | \$103,648,000 | \$15,547,000 | \$7,255,000 |
| North Dakota | \$10,381,000 | \$1,557,000 | \$191,000 |
| Ohio | \$161,497,000 | \$24,224,000 | \$5,686,000 |
| Oklahoma | \$49,811,000 | \$7,471,000 | \$2,739,000 |
| Oregon | \$28,033,000 | \$4,204,000 | \$2,522,000 |
| Pennsylvania | \$185,704,000 | \$27,855,000 | \$5,701,000 |
| Rhode Island | \$20,432,000 | \$3,064,000 | \$766,000 |
| South Carolina | \$42,816,000 | \$6,422,000 | \$2,997,000 |
| South Dakota | \$7,285,000 | \$1,092,000 | \$0 |
| Tennessee | \$67,771,000 | \$10,165,000 | \$4,066,000 |
| Texas | \$341,931,000 | \$51,289,000 | \$0 |
| Utah | \$17,409,000 | \$2,611,000 | \$870,000 |
| Vermont | \$4,928,000 | \$739,000 | \$174,000 |
| Virginia | \$128,418,000 | \$19,262,000 | \$7,384,000 |
| Washington | \$41,208,000 | \$6,181,000 | \$0 |
| West Virginia | \$20,933,000 | \$3,139,000 | \$837,000 |
| Wisconsin | \$61,624,000 | \$9,243,000 | \$3,873,000 |
| Wyoming | \$3,232,000 | \$484,000 | \$0 |
| TOTAL | \$3,772,611,000 | \$565,868,000 | \$164,417,000 |

*Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not have a state income tax.

Table A2. Present Value of Lifetime State Income and Tax Losses for College Dropouts From the 2002 Entering Bachelor's Degree Cohort

| State | PV of Lost Income | PV of Lost Federal Income Tax | PV of Lost State Income Tax |
|----------------|--------------------------|-------------------------------|-----------------------------|
| Alabama | \$3,454,309,000 | \$675,576,000 | \$172,715,000 |
| Alaska | \$200,987,000 | \$43,387,000 | \$0 |
| Arizona | \$3,452,267,000 | \$729,129,000 | \$120,744,000 |
| Arkansas | \$1,737,806,000 | \$324,799,000 | \$112,477,000 |
| California | \$14,705,041,000 | \$3,189,297,000 | \$1,211,515,000 |
| Colorado | \$2,535,697,000 | \$541,560,000 | \$117,402,000 |
| Connecticut | \$2,160,499,000 | \$473,829,000 | \$109,272,000 |
| D.C. | \$612,263,000 | \$136,117,000 | \$47,013,000 |
| Delaware | \$562,937,000 | \$122,215,000 | \$32,862,000 |
| Florida | \$5,623,846,000 | \$1,157,545,000 | \$0 |
| Georgia | \$4,821,285,000 | \$1,021,437,000 | \$289,277,000 |
| Hawaii | \$440,919,000 | \$91,215,000 | \$34,867,000 |
| Idaho | \$859,873,000 | \$167,259,000 | \$66,092,000 |
| Illinois | \$6,814,070,000 | \$1,471,813,000 | \$204,422,000 |
| Indiana | \$4,221,265,000 | \$890,098,000 | \$143,523,000 |
| Iowa | \$1,481,596,000 | \$308,025,000 | \$109,637,000 |
| Kansas | \$1,753,792,000 | \$362,418,000 | \$112,065,000 |
| Kentucky | \$2,409,975,000 | \$490,735,000 | \$139,778,000 |
| Louisiana | \$4,306,035,000 | \$805,361,000 | \$180,823,000 |
| Maine | \$472,009,000 | \$94,018,000 | \$39,318,000 |
| Maryland | \$2,041,968,000 | \$440,356,000 | \$96,993,000 |
| Massachusetts | \$4,370,575,000 | \$957,969,000 | \$231,640,000 |
| Michigan | \$5,851,024,000 | \$1,255,268,000 | \$254,519,000 |
| Minnesota | \$2,719,768,000 | \$588,750,000 | \$188,691,000 |
| Mississippi | \$1,100,889,000 | \$209,655,000 | \$55,044,000 |
| Missouri | \$2,989,723,000 | \$608,879,000 | \$179,383,000 |
| Montana | \$493,872,000 | \$82,397,000 | \$33,910,000 |
| Nebraska | \$1,025,562,000 | \$210,504,000 | \$66,973,000 |
| Nevada | \$618,374,000 | \$132,641,000 | \$0 |
| New Hampshire | \$572,720,000 | \$121,688,000 | \$28,636,000 |
| New Jersey | \$3,897,963,000 | \$854,006,000 | \$189,443,000 |
| New Mexico | \$883,691,000 | \$163,496,000 | \$43,177,000 |
| New York | \$13,652,392,000 | \$2,958,455,000 | \$934,633,000 |
| North Carolina | \$4,533,898,000 | \$943,535,000 | \$319,891,000 |
| North Dakota | \$503,723,000 | \$91,217,000 | \$11,905,000 |
| Ohio | \$6,864,418,000 | \$1,441,773,000 | \$267,631,000 |
| Oklahoma | \$2,147,666,000 | \$402,571,000 | \$118,121,000 |
| Oregon | \$1,346,800,000 | \$283,286,000 | \$121,212,000 |
| Pennsylvania | \$7,800,800,000 | \$1,329,626,000 | \$239,484,000 |
| Rhode Island | \$907,488,000 | \$190,953,000 | \$52,158,000 |
| South Carolina | \$2,004,002,000 | \$410,205,000 | \$140,280,000 |
| South Dakota | \$421,710,000 | \$83,767,000 | \$0 |
| Tennessee | \$2,950,540,000 | \$601,020,000 | \$177,032,000 |
| Texas | \$13,303,820,000 | \$2,810,678,000 | \$0 |
| Utah | \$959,455,000 | \$199,857,000 | \$47,972,000 |
| Vermont | \$319,155,000 | \$64,598,000 | \$17,268,000 |
| Virginia | \$5,009,613,000 | \$1,060,372,000 | \$288,052,000 |
| Washington | \$1,821,562,000 | \$388,003,000 | \$0 |
| West Virginia | \$1,040,933,000 | \$179,985,000 | \$50,191,000 |
| Wisconsin | \$3,016,432,000 | \$639,423,000 | \$195,380,000 |
| Wyoming | \$141,932,000 | \$25,477,000 | \$0 |
| TOTAL | \$157,938,939,000 | \$32,826,243,000 | \$7,593,421,000 |

*Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not have a state income tax.

