

Economic Benefits from Increasing Teachers of Color in Minnesota

1) More teachers of color are needed to help close persistent gaps and meet workforce demands.

- Research has shown that **teachers of color positively impact student achievement**, especially for students of color¹.
- Given Minnesota's World's Best Workforce legislation and Higher Education Attainment Goal, **more diverse teachers are urgently needed to help reach these state goals.**

- Minnesota's opportunity and achievement gaps are widely known to be some of the largest gaps in the country. For example, in 2015, students who are of color and American Indian (SOCAIS) were 21% of all students who graduated in 4 years, but 46% of all dropouts and 48% of all who stayed longer in high school. **In 2019, SOCAIS were 27% of all graduates, but 54% of continuing and 52% of all dropouts.**²
- Yet, **Minnesota students don't have "equitable access to effective and diverse teachers"** as stated they needed in 2016 amended statutes by the MN Legislature and Governor. Teachers of color and American Indian teachers represent only 7% of all teaching assignments in the state, while students of who are of color and American Indian represent 38% of the state's increasingly diverse population in rural, suburban and urban communities.³

2) Investing to increase teachers of color and American Indian teachers is a key strategy for closing Minnesota's gaps that will significantly strengthen and grow the state and national economy.

- According to McKinsey & Company, achievement gaps in the U.S. "underscore the staggering economic and social cost of underutilized human potential." They estimated through detailed analysis that **the U.S. economy was "deprived of as much as \$2.3 trillion in economic output in 2008" because of the achievement gap**, and that "the gap imposes a higher recurring annual economic cost on the US economy than the 2009 recession did and **the gaps "impose on the United States the economic equivalent of a permanent national recession."**⁵

Fed's "Racism and the Economy" series explores racial inequity in the education system (January 2021)

Why education equity matters to the Fed

The presidents of the Atlanta, Boston, Dallas, and Minneapolis Feds all pointed to the key role the education system plays in the nation's economic success. Dallas Fed President Robert Kaplan explained that investments in our educational ecosystem are "essential to improving GDP for our country, to greater employment and greater prosperity for our country."

While changes to education policy may not solve every problem, when it comes to racial equity, Minneapolis Fed President Neel Kashkari said, "Helping kids get a better education is the most powerful tool we have."

<https://www.minneapolisfed.org/article/2021/feds-racism-and-the-economy-series-explores-racial-inequity-in-the-education-system>



- According to a 2015 analysis by the Alliance for Excellent Education⁴, **if the graduation rate for the Class of 2013 in MN was 90% instead of 80%** (i.e., 6,000 more graduates), a significant economic impact would have included:
 - **Annual state gross product increase of \$100 million**
 - **State/local tax revenue increase of \$11 million**
 - **750 new jobs created**
 - **Annual earnings increase \$78 million**
 - **Home sales increase \$200 million, and auto sales increase \$7.9 million**

3) Investing in equitable education will save MN taxpayers millions of \$ in dealing with crime and health care.

- According to the Alliance for Excellent Education, “The nation could save as much as \$18.5 billion in annual crime costs if the high school male graduation rate increased by only 5 percentage points.”⁶
- In 2015 the total cost of Minnesota’s prisons—to incarcerate an average daily population of 9,760—was \$403,729,705 or \$41,366 per inmate for one year.⁷ In 2020, there were 8,330 prisoners (52% White, 37% Black, 8% American Indian, 3% Asian and 5% Hispanic)⁸
- Billions are spent treating preventable chronic illnesses. Research has shown that “the more schooling people have the better their health is likely to be....The less schooling people have, the higher their levels of risky health behaviors such as smoking, being overweight, or having a low level of physical activity.”⁹ It is widely documented that the COVID-19 pandemic has only widened these costly and deadly racial disparities.

¹ Educator Policy Innovation Center. (2016). *Smart Solutions to Minnesota’s Teacher Shortage: Developing and Sustaining a Diverse and Valued Educator Workforce*. Education Minnesota. <http://www.educationminnesota.org/EDMN/media/edmn-files/advocacy/EPIC/EPIC-Recruitment-Retention-Report.pdf>

² State Report Card. <http://rc.education.state.mn.us/>

³ Professional Educator and Licensing Standards Board. (2021). [Teacher Supply and Demand Report](#).

⁴ See interactive data tool at <http://impact.all4ed.org>

⁵ Auguste, B., Hancock, B. and M. Laboissière. (2009, June). “The economic cost of the US education gap.” <http://www.mckinsey.com/industries/social-sector/our-insights/the-economic-cost-of-the-us-education-gap> and https://dropoutprevention.org/wp-content/uploads/2015/07/ACHIEVEMENT_GAP_REPORT_20090512.pdf

⁶ Alliance for Excellent Education. (2013, September). *Saving Futures, Saving Dollars: The Impact of Education on Crime Reduction and Earnings*. <http://all4ed.org/>

⁷ <https://www.vera.org/publications/price-of-prisons-2015-state-spending-trends/price-of-prisons-2015-state-spending-trends/price-of-prisons-2015-state-spending-trends-prison-spending>

⁸ Minnesota Department of Corrections Adult Prison Population Summary as of 07/01/2020 <https://www.leg.mn.gov/docs/2020/other/200770.pdf>

⁹ Freudenberg N, Ruglis J. “Reframing school dropout as a public health issue.” *Preventing Chronic Disease* 2007;4(4). http://www.cdc.gov/pcd/issues/2007/oct/07_0063.htm.

