



# The Contribution of K-12 Education to Economic Growth and Democracy

1926 Green Street Harrisburg, PA 17102

[www.pennpolicy.org](http://www.pennpolicy.org)

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By Marc Stier

## Introduction

In the wake of last year’s decision in the school funding lawsuit, policymakers and advocates across Pennsylvania are focused on the question of how to adequately and equitably fund our schools. This policy brief addresses the basic question that underlies, or should underlie, these a critical discussion: Why is funding public education so important?

One might think that attention to this question is unnecessary as there are two obvious reasons why we must provide an adequate and equitable public education for all children in the Commonwealth.

### *What the Constitution Requires*

First, our constitution requires it. Judge Jubelirer’s opinion clearly shows that the words “create a thorough and efficient systems of public education” demand that every student receive a meaningful opportunity to “succeed academically, socially, and civically,” which in turn requires that all students have access to a “comprehensive, effective, and contemporary system of public education.” It is also clear from the evidence presented to the court that we do not provide every student with such an opportunity today. The evidence we and others have presented over the years, and which is collected here, to the same conclusion. The vast majority of school districts in Pennsylvania are underfunded *relative to our own state standards* and that districts with a higher share of Pennsylvanians living in poverty and districts with a larger share of Black and Hispanic students are even more underfunded than others.<sup>12</sup>

### *What the People Want*

So, the Pennsylvania Constitution demands that we fund public education adequately and equitably. But so do the people of Pennsylvania. A recent poll by Data for Progress on behalf of the Pennsylvania Schools Work campaign shows that 69% of registered voters, including majorities of Democrats, Independents, and Republicans, as well as majorities in urban, rural, and suburban communities, believe that there is a substantial difference in educational equality from one school district to another. And, as a result, an overwhelming majority of registered voters—77%—across these same partisan and geographic categories support additional state funding for public schools. These results are so robust that that we estimate there is no House or Senate district in which less than 71% of registered voters support additional state funding for public schools.

## Why Is Public Education So Important?

There is no question then that the Pennsylvania Constitution demands, and Pennsylvania voters want, additional state funding of public schools. But we can still ask “Why?” And that, I believe, is a question worth

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1. Among many other pieces we have done see: Marc Stier, Eugene Henninger-Voss, Diana Polson, and Stephen Herzenberg, “Inequity and Inadequacy in K-12 Education Funding in Pennsylvania: Fiscal Year 2022-23 Update,” *Pennsylvania Budget and Policy Center*, November 22, 2022. [https://krc-pbpc.org/research\\_publication/inequity-and-inadequacy-in-k-12-education-funding-in-pennsylvania-fiscal-year-2022-23-update/](https://krc-pbpc.org/research_publication/inequity-and-inadequacy-in-k-12-education-funding-in-pennsylvania-fiscal-year-2022-23-update/). The Pennsylvania Policy Center will be updating this analysis of economic, racial, and ethnic inequity in school funding with the most recent adequacy data provided by Professor Matthew Kelly in the next few weeks.

considering. Knowing why public education is so important to the framers of our constitution in the past and to the people of Pennsylvania today can help all of us—legislators, activists, and citizens—understand the critical importance of meeting those demands.

If you look back at the debates about the education clause of the Pennsylvania Constitution, both when it was created in the late 19th century and revised in the 1960s, you find similar sentiments. Many of those who spoke about the necessity of the education clause in the Constitution mentioned the importance of educating good citizens so they could play their vital role in our republic. But another of the dominant themes of the debates about the education clause was the importance of education to creating economic prosperity, not just for those who receive a public education but for everyone.

Unfortunately, few recent polls, including our own, directly ask voters about the connection between public education and democracy. This is no doubt a reflection of the unfortunate decline of providing civic education in our schools.

But our poll did ask voters what kind of educational policies they thought were most valuable to driving economic growth forward in the state. Not surprisingly, the three most important policies they embraced were access to career and technical training programs, access to apprenticeships and job training programs, and funding science and technology education. Similarly, national polls show that voters value those aspects of education that contribute to the work and careers of individual students as well as to our economy as a whole.<sup>3</sup>

### *The Great Educator: Thaddeus Stevens*

Sometimes it's easiest to understand why something exists if we go back to its origin. So, I want to spend a few minutes looking at the education advocacy of Thaddeus Stevens, the greatest Republican legislator in Pennsylvania history. Before he became the great liberator as a U.S. senator, Stevens was the “great educator” as a member of the Pennsylvania House of Representatives. In his famous 1835 speech against the repeal of the common school law, Stevens said, “If an elective republic is to endure for any great length of time every elector must have sufficient information, not only to accumulate wealth and take care of his pecuniary concerns, but to direct wisely the Legislature, the Ambassadors, and the Executive of the nation.”<sup>4</sup>

The two themes—democracy and prosperity—are clearly denoted in this and other passages in his speech. And I'd like to point out that Stevens was arguing against legislators who proposed to repeal the free common school law and replace it with a subsidy for the poor to attend private schools. Stevens would not accept that as an alternative to free common schools even though he acknowledged that there were voters who were not happy about paying the school tax because they thought that schools are, “for the benefit of others and not themselves.”

Stevens insisted that those seeking the repeal of the free common school law to reduce their taxes were mistaken because those schools *are* “for their own benefit.” That is, he insisted that everyone benefited from the education of all the children of Pennsylvania because it contributed to both civic education and an education that helped every child grow up to contribute to the prosperity of the state. The public schools of New England were his model. He said, “In New England free schools plant the seeds and desire of knowledge in every mind, without regard to the wealth of the parent or the texture of the pupil's garments. When the seed, thus universally sown, happens to fall on fertile soil, it springs up and is fostered by a generous public until it produces its glorious fruit... It is not an uncommon occurrence to see the poor man's son, thus encouraged by wise

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2. Hart Research Associates, “The Nation's Education Agenda,” January 13, 2023, [https://www.aft.org/sites/default/files/media/documents/2023/slides\\_national-education-survey\\_Jan2023.pdf](https://www.aft.org/sites/default/files/media/documents/2023/slides_national-education-survey_Jan2023.pdf).

3. Representative Thaddeus Stevens, “Opposition to the Repeal of the Common School Law of 1834, in the House of Representatives of Pennsylvania,” April 11, 1835, Philadelphia: Thaddeus Stevens Memorial Association, 1904, [https://collections.lancasterhistory.org/media/library/docs/famous\\_speech\\_of\\_Hon\\_Thaddeus\\_Stevens-1904\\_edition.pdf](https://collections.lancasterhistory.org/media/library/docs/famous_speech_of_Hon_Thaddeus_Stevens-1904_edition.pdf).

legislation, far outstrip and bear off the laurels from the less industrious heirs of wealth. Some of the ablest men of the present and past days never could have been educated except for that benevolent system.”

That is one of the most important reasons that adequately and equitably funded public schools are so important. Not just because fairness requires it but because we all benefit from well-funded public schools. The greatest resource any country has is the skills and talents of its people. When we fail to give every child a good education, their potential contributions as adults with great skills and talents are lost to all of us. That is why our democracy and our prosperity are created and sustained by higher levels and a higher quality of education.

### *Contemporary Evidence*

Stevens’s claims are not ideals detached from reality. There has been an upsurge of research in the last two decades on the contribution of education to both economic growth and the survival of democracy. The evidence that started as a trickle has become a torrent, and while there are outliers, most of it points in the same direction.

It is now apparent that what made America great in the past was in no small part by our early commitment to giving every child a good, basic education as well as our later commitment to making higher education open to all. There is evidence from cross-national comparisons that both additional years of schooling and higher quality schooling, as measured by standardized tests, leads to a higher productivity workforce and thus higher per capita gross domestic product. *The increase in education levels since the 19th century have been estimated to account for between one-fifth and one-third of economic growth in the United States.*<sup>5</sup>

There is also research that looks at the relationship between the educational attainment levels and economic success of the 50 states. One study shows that high-wage, and thus high-prosperity, states are those with a well-educated workforce.<sup>6</sup> Another shows that achievement levels are highly correlated—and are likely the cause of—faster economic growth in the states. Sadly, Pennsylvania falls at about the middle of the 50 states in GDP per capita.<sup>7</sup>

There is also new evidence that school spending has a dramatic effect on students’ future wages with estimates showing a permanent 10% increase in education spending, resulting in adults at age 40 having 7% higher wages and a 3-percentage point reduction in the likelihood of being poor. Most strikingly, the adult wage gap between low-income and middle- and high-income students is narrowed. Of course, higher wages drive higher consumption and more business activity, helping the economy as a whole. While extrapolating these results to the economy as a whole is difficult, my back of the envelope calculation is that \$1 billion per year in new education spending would lead to a 2.2% average increase in Pennsylvania wages, a reduction in the poverty rate of 1.1 percentage points, an increase in the state gross product of about \$900 million, and the generation of about 12,000 jobs for Pennsylvanians. If we add the multiplier effect of this new spending, the impact would be 50% greater.

Scholars who have studied the relationship between educational achievement and economic growth have provided striking research that projects the impact of improving education in our country. One study suggests that if, over time, American schools could have results as good as German schools, in just two generations our per capita gross domestic product would be 50% higher than it would be if our schools do not improve. That

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4. Edwin Dean, *Education and Economic Productivity*. Cambridge, MA: Ballinger Publishing Company, 1984 and Robert Barro and Jong-Wha Lee, *Education Matters: Global Schooling Gains from the 19th to the 21st Century*, New York, NY: Oxford University Press, 2005; Eileen McGivney and Rebecca Winthrop, “Education’s Impact of Economic Growth and Productivity,” Brookings Institute, July 2016, <https://www.brookings.edu/wp-content/uploads/2017/12/educations-impact-on-productivity.pdf>.

5. Noah Berger and Peter Fisher, A Well-Educated Workforce is Key to State Prosperity, Economic Policy Institute, August 22, 2013, <https://www.epi.org/publication/states-education-productivity-growth-foundations/>.

7. Eric Hanushek, Ludger Woessman, and Jens Ruhose, “It Pays to Improve School Quality,” *Education Next*, Volume 16, No. 3, <https://www.educationnext.org/pays-improve-school-quality-student-achievement-economic-gain/>.

would mean that the average worker's income would, on average, be 12% higher each year during that period.<sup>8</sup> Another study showed that if academic achievement in Pennsylvania matched that of the highest-ranked state in the country, Minnesota, in two generations our state's GDP per capita would be roughly 225% higher than it would be with current levels of academic achievement.

There is also research showing that the benefits of education are far more than economic. Higher education levels lead to increased political participation and stronger support for democratic practice and institutions. And there is also evidence that as educational attainment increases, infant mortality declines, life expectancy rises, and crime rates decline.<sup>9</sup> All these things, of course, reduce the cost of government.

## Conclusion

Public education is costly. As Thaddeus Stevens recognized, self-interest understood narrowly would lead us to skimp on public education so as to reduce our taxes. But that would be a short-sighted policy, one that the Republicans of Stevens's day—who represented the business community as they do now—rejected. Business people and their political advocates understood that their long-term self-interest, what Alexis De Toqueville called *self-interest rightly understood*, required them to invest heavily in education. Doing so not only strengthened our representative democracy but brought forth the educated and productive workers that both small and large businesses needed. And that set the stage for a growing economy that served everyone.

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7. Eric A. Hanushek, Paul E. Peterson, and Ludger Woessmann, "Endangering Prosperity," Brookings Institution Press, 2013.

9. Emmanuela Gakidou, Krycia Cowling, Rafael Lozano, and Christopher Murray, "Increased educational attainment and its effect on child mortality in 175 countries between 1970 and 2009: a systematic analysis," *The Lancet*, 376 (9745): 959–974, 2010.