

# EDUCATION JOBS: ASSETS TO THE COMMUNITY AND THE ECONOMY



As 2021 begins, the Legislature must grapple with difficult decisions about the new state budget. Of the many programs and services that depend on state funding and are now facing potential funding cuts, education must be spared.

Education is an investment in Texas' future that provides good, well-paying jobs with excellent benefits to nearly three-quarters of a million citizens and a lifetime of opportunities to 5.5 million students. We should not cut education funding during this difficult time. If possible, it should be expanded. More funding for education means more rewarding, well-paying careers for Texans and more qualified graduates ready to pursue profitable careers. This will result in more economic security and growth for our state.

Investing in education creates secure, well-paying jobs. The average salary for the 721,078 Texans employed in education is \$46,000.<sup>i</sup> These jobs create a thriving economy and flourishing communities for our state. Better education produces more educated graduates, meaning they are more adaptable, valuable assets for Texas's workforce who can contribute to the economy in meaningful ways.

Increased funding for education results in higher graduation rates, higher wages statewide, and a reduced likelihood of poverty. All of this is good for the health of the overall economy, and for Texas in general. By investing in education and improving student outcomes, graduates can secure higher-paying jobs, which means they will contribute more to state taxes and public goods during their lifetimes.<sup>ii</sup> Research also shows that higher parental education leads to children with better health, cognitive abilities, and academic achievement.<sup>iii iv v</sup> Children of parents with higher-paying jobs, which are attained through good education, are also less likely to rely on food stamps or welfare.<sup>vi vii</sup> This is the sort of beneficial cycle of education that can change lives for the better and boost our state's long-term economy at the same time.

Let's look at a few facts about education and our economy.

- Cutting education funding results in a decrease in economic opportunity for all citizens, higher crime rates, and higher poverty rates.
- More education funding boosts the economy, provides graduates with better job opportunities, decreases poverty rates, and improves the overall quality of life for all Texans.<sup>viii ix</sup>
- Money invested in public education generally stays within the local community, keeping more money in our state.<sup>x</sup>

- An investment of \$100 million in education funding would result in an estimated 2,200 rewarding jobs for our state.<sup>xi</sup>
- Increasing taxes to support increased spending on education results in more jobs created than jobs lost due to tax cuts.<sup>xii</sup>
- According to recent data, Texas's graduation rate is 88%.<sup>xiii</sup> Let's see what would happen If we raised the graduation rate to 90% by investing more in public education.<sup>xiv</sup>
  - An estimated \$390,000 in additional state and local tax revenue.
  - An additional \$43 million in annual income.
  - An additional \$35.6 million in annual disposable income for our state thanks to the higher-paying jobs available to graduates.
  - An estimated \$450 million saved on healthcare over the lifetime of new graduates, as high school graduates are more likely to be insured by their employer as opposed to enrolling in Medicaid.
  - An additional \$91.8 million in Texas's annual GDP.

Before cutting funding to the lifeline of education, let's consider other options. There are many other revenue sources left on the table that we should entertain before we consider a cut to education.

- Texas provides subsidies totalling \$8,346,598,670 to 6,240 large companies, including Exxon, Samsung, and Amazon. That's government and taxpayer money that could go to improving Texans' lives, but is instead going to giant corporations.<sup>xv</sup>
- The current tax breaks for data centers under the Texas Data Center Program Exemption means that Texas misses out on \$70,926,000.<sup>xvi</sup> Corporations reaping the benefit of this tax break include Chevron, Microsoft, and State Farm.<sup>xvii</sup>
- 2015 saw a fleet of tax repeals: the Liquefied Gas Tax, Oil Regulation Tax, Fireworks Tax, and Sulphur Production Tax were axed, resulting in Texas losing out on \$18.3 million in taxes from businesses.
- The largest tax revenue source for Texas is the sales tax, accounting for 57.5%, while oil production taxes account for a mere 6.1% of \$55.6 billion in tax revenue.<sup>xviii</sup>
- In total, Texas agencies spent \$54.41 million on meals and lodging from the general fund in 2019. The Department of Public Safety alone spent \$8.6 million on meals and lodging in 2019.<sup>xix</sup>

<sup>i</sup>Morath, M. 2019. "2018-2019 Texas Public School Statistics: Pocket Edition." Texas Education Agency.

<sup>ii</sup>Berger, N., & Fisher, P. 2013, August 22. "A Well-Educated Workforce Is Key to State Prosperity." Economic Policy Institute. <https://www.epi.org/publication/states-education-productivity-growth-foundations/>

<sup>iii</sup>Wolfe, Barbara, and Samuel Zuvekas. 1995. "Nonmarket Outcomes of Schooling." University of Wisconsin, Institute for Research on Poverty, discussion paper no. 1065-95.

<sup>iv</sup>Haveman, Robert, and Barbara Wolfe. 1995. "The Determinants of Children's Attainments: A Review of Methods and Findings." *Journal of Economic Literature*, vol. 33, no. 4, 1829-1878.

<sup>v</sup>Smith, Judith R., Jeanne Brooks-Gunn, and Pamela K. Klebanov. 1997. "Consequences of Living in Poverty for Young Children's Cognitive and Verbal Ability and Early School Achievement." Pages 132-189 in *Consequences of Growing up Poor*, eds. G.J. Duncan and J. Brooks-Dunn. New York: Russell Sage Foundation.

<sup>vi</sup>French, Lily, and Peter S. Fisher. 2009. "Education Pays in Iowa: The State's Return on Investment in Workforce Education". The Iowa Policy Project.

<sup>vii</sup>Duncan, Greg J., Ariel Kalil, and Kathleen Ziol-Guest. 2008. "Economic Costs of Early Childhood Poverty." Washington, D.C.: Partnership for America's Economic Success.

<sup>viii</sup>Sims, R. 2004. "School Funding, Taxes, and Economic Growth: An analysis of the 50 States." National Education Association.

<sup>ix</sup>America's Promise Alliance, Civic Enterprises, and Everyone Graduates Center at Johns Hopkins University, *GradNation Community Guidebook: Updated Edition* (Washington, DC: America's Promise Alliance, 2013), <http://guidebook.americaspromise.org/section/demonstrating-the-benefits-of-high-school-completion>.

<sup>x</sup>Sims, R. 2004. "School Funding, Taxes, and Economic Growth: An analysis of the 50 States." National Education Association.

<sup>xi</sup>Ibid.

<sup>xii</sup>Ibid.

<sup>xiii</sup>Texas Education Agency. 2020. "2020 comprehensive biennial report on Texas public schools" (Document No. GE21 601 04). Austin, TX: Author.

<sup>xiv</sup>Alliance for Excellent Education. 2015. "The Graduation Effect." *The Graduation Effect*. <http://impact.all4ed.org/#potential/income/texas/all-students/>.

<sup>xv</sup>Good Jobs First. 2021. *Subsidy Tracker: Texas Summary of State and Local Awards*. Summary. <https://subsidytracker.goodjobsfirst.org/prog.php?statesum=TX>.

<sup>xvi</sup>Good Jobs First. 2019. "Texas 2019: Tax Break Tracker". [https://taxbreaktracker.goodjobsfirst.org/prog.php?state=TX&state\\_jurisdiction1=&state\\_jurisdiction2=&state\\_jurisdiction3=](https://taxbreaktracker.goodjobsfirst.org/prog.php?state=TX&state_jurisdiction1=&state_jurisdiction2=&state_jurisdiction3=)

<sup>xvii</sup>Texas Comptroller of Public Accounts. 2021. "Data Centers in Texas." <https://comptroller.texas.gov/taxes/data-centers/data-center-lists.php>.

<sup>xviii</sup>Glynn, H. 2018. *State of Texas Sources of Revenue*. Texas Comptroller of Public Accounts.

<sup>xix</sup>Texas Comptroller of Public Accounts. 2019. "Transparency: State Revenue and Expenditure Dashboard."

