

# Leaving school early means you're likely never to return to study and training in adult life

June 15 2017, by Stephen Lamb And Shuyan Huo

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Credit: RDNE Stock project from Pexels

One in eight Australians will never get Year 12 qualifications. Some, but not all of these people, make up the one in eight Australians who will be

disengaged from full-time work, study or training for most of their lives.

These groups are the subject of Mitchell Institute's [Counting the Costs of Lost Opportunity report](#). The report paints a picture of Australians who, from a young age, miss out on opportunities to reach their full potential so, as adults, struggle to contribute to society and find success.

The Australians caught in these statistics represent a level of failure in the education system. This failure carries a huge cost for the individuals, their families, the economy and the country.

## **Early school leavers**

Completion of Year 12 or an equivalent qualification is an indication of whether [young people](#) have developed knowledge and skills to prepare them for further study or participation in the workforce.

It is one of the benchmarks that separates those who will proceed to further study and training from those who will not.

But it is not as simple as students reaching Year 10 or 11 then deciding school isn't for them. [Evidence suggests](#) paths towards dropping out and disengagement begin early, and certain segments of the population are particularly at risk.

Failure to complete Year 12 can also be in response to difficulties that emerge late in the schooling years, such as health problems (including mental health), family disruption and severe bullying or victimisation.

## **Disengaged young people**

Looking solely at early school leavers who did not complete Year 12

does not accurately or fully identify those on a trajectory to a lifetime of disengagement, as some return to study later in life.

A better picture is gained from looking at those not fully engaged in employment, education or training by the age of 24.

[By tracking](#) 25 to 44 year olds from 2001-2014, we found that almost 90% of men and 82% of women who had not completed Year 12 did not return to study and training.

They were early leavers in their teen years, and as adults they still had no qualifications.



Fiscal and social costs of early school leaving at net present value. Credit: Lamb and Huo (2017), Author provided

About 18% of early leavers remain disengaged from education, training

and work their entire adult lives. This is about two and a half times higher than the rate for people who complete Year 12.

It is clear that achievement is largely locked in by the age of 25 and if you don't have a Year 12 qualification by then, you are unlikely ever to.

## **Cost of missing out at age 19**

To the taxpayer, each long-term early school leaver costs \$335,000.

Across that cohort of 38,000 early leavers, the annual fiscal burden amounts to over \$315 million for those who will remain without Year 12 or equivalent qualifications across their [adult lives](#).

The full lifetime cost to the taxpayer of this cohort is \$12.6 billion.

From the social perspective, each early leaver costs the Australian community \$616,000. This equates to over \$580 million annually for the cohort of long-term early leavers. The full lifetime burden amounts to \$23.2 billion.

## **Cost of missing out at age 24**

The cost to Australian taxpayers for each person who will remain disengaged from work for more than half their lives is \$412,000 over a working lifetime. Across the cohort of 46,000 disengaged young people, this amounts to over \$471 million each year or \$18.8 billion over a working lifetime.

For communities, each disengaged young person costs about \$1 million over a lifetime. This is almost \$1.3 billion annually per cohort and \$50.5 billion for the group's full lifetime cost.

## Employment, crime, welfare and health impacts

Disparities in [educational attainment](#) lead to major differences in many areas of life: people who miss out face increased likelihood of experiencing unemployment or underemployment, crime, public welfare dependency and poor health.

In 2016, employment levels were [far better](#) for those with degrees or diplomas compared with early leavers. 80% of people with a Bachelors degree or above and 75% of people with an Advanced Diploma or Diploma were employed, compared with 67% for people with Year 12 and only 44% of those with Year 11 or below.



Fiscal and social costs of long term disengagement at net present value. Credit: Lamb and Huo (2017), Author provided

In 2009, prisoners aged 25-34 years were much less likely to have a Year

12 qualification than people of the same age in the general population (14% compared to 63%), and significantly more likely to have completed less than Year 9 (17% compared to 1%).

Similarly, people aged between 15-64 with no qualifications are almost two and a half times more likely than those with university degrees to be dependent on government income support.

And, lower levels of educational attainment are associated with poorer health, including conditions such as strokes, hypertension, high cholesterol, depression and diabetes.

## **What needs to be done?**

The [costs](#) of having young Australians grow up without the skills needed to thrive in the 21st century emphasises an urgent need for educational reform – we simply cannot afford to do nothing.

In the determination of how much economic potential is being lost, it is equally vital to identify the policies that might harness the lost potential.

It's important to look at the strategies that are needed to transform our schools and make our education system work well for all.

This is an important next stage of the work. It will need to look at the benefits of interventions such as:

- providing targeted access to high-quality programs in early childhood education
- better addressing the welfare and schooling needs of young people from disadvantaged backgrounds
- ensuring access to high quality programs and support as young people ascend school

- investing in the vocational education and training (VET) system to ensure high quality training pathways and equitable access as a priority.

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