AN EVALUATION OF THE ECONOMIC BENEFITS OF THE TAFT CAREER ACADEMIC PROGRAM

Prepared for the

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EXECUTIVE SUMMARY

This research provides a qualitative and quantitative analysis of the Taft Career Academic Program (T-CAP), a school-to-work program in place at Taft High School in Cincinnati, Ohio. The qualitative analysis of T-CAP focuses on the program's ability to motivate students to graduate. The quantitative analysis is an evaluation of T-CAP as an investment in human capital, represented by an incremental number of students who would otherwise have dropped out of high school were it not for T-CAP. The results of this study show that if T-CAP is viewed as a long-term investment in human capital for the region, continued spending on the program is worthwhile.

Quantitative analysis reveals that the first year T-CAP produced a graduating class, the total school expenditure per graduate was 25 percent lower than in the previous year. This result occurs because T-CAP adds only $800,00 to total expenditures for Taft High School, while producing, on average, 25 more graduates than in pre-T-CAP years. Additionally, this increase of 25 additional high school graduates each year provides total benefits of $8.5 million, measured as the present value of a stream of benefits realized over the working life of the high school graduate. This total benefit includes an annual benefit to graduating students equal to a present value of $4.8 million in future income potential. State and local government receives an annual benefit equal to $3.2 million in future tax revenue and reductions in payments for unemployment and legal costs. Private firms receive a benefit equivalent to $0.6 million in increased profits on additional output generated by student interns and by more productive workers.

By looking at long-term returns, these benefits, occurring with annually with each graduating class, outweigh the current costs of a T-CAP class. Students receive tremendous benefits in future income potential. The public sector gains primarily from tax revenues generated by a more productive work force. Increases in future profits on output for businesses are less than the cost of providing internships, however, businesses receive significant non-monetary benefits from being involved with the program.

Qualitative analysis based on survey responses from program participants indicates that more attention should be given to connecting the internship experience with school learning. Benefits associated with T-CAP are dependent on the ability of the program to motivate students to graduate from high school. Therefore, the internship experience should not only provide students with exposure to the business environment, but should emphasize how school learning will make the student a more effective worker and more competitive in the job market.

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