Economic Impact of the “I Have a Dream” programme in NZ

The “I Have a Dream” programme is different to most education programmes on two major vectors:

1. **Inclusive.** We work with an entire cohort, not just the talented or at-risk children.

2. **Longevity.** We invest for an entire generation, supporting the children from Primary School through to Tertiary and Career.

After 30 years of successful outcomes in the US, supporting over 15,000 children in more than 200 projects, the programme came to NZ in 2003. We “adopted” the entire Year 4 class at Wesley Primary School, and committed to help these children stay in school and succeed, not just academically, but in life.

This school in Mt Roskill, a suburb of Auckland, is rated Decile 1A, i.e., the highest level of socio-economic deprivation. A professional researcher, The Education Group, reported every year on the Dreamers, vis-à-vis a Comparison Group, which was the Year Level ahead of them at Wesley Primary when we started the project.

**Better outcomes over 10 years**

![Graph showing better outcomes over 10 years]

**Analysis:** In the three years since Dreamers graduated from school

**Dreamers**
- 32% are on track to earn a Bachelors degree
- 13% already have diplomas
- 44% have NCEA Level 2
- 11% failed to gain NCEA Level 2

**Comparison group**
- 9% have achieved a Bachelors degree
- 9% have diplomas
- 59% have NCEA Level 2
- 23% failed to gain NCEA Level 2
These tables illustrate the economic outcomes for a cohort of 100 Dreamers against 100 Comparison Group members, based on their educational achievements.

### Dreamers

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Percent Attained</th>
<th>Hourly Wage</th>
<th>Annual Income</th>
<th>Total Income</th>
<th>Tax Rate</th>
<th>Total Tax Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>No qualification</td>
<td>15%</td>
<td>$15,79</td>
<td>$31,580</td>
<td>$476,050</td>
<td>18.95%</td>
<td>$90,444</td>
</tr>
<tr>
<td>School qualification</td>
<td>45%</td>
<td>$16,78</td>
<td>$33,560</td>
<td>$560,200</td>
<td>18.95%</td>
<td>$106,183</td>
</tr>
<tr>
<td>Other tertiary</td>
<td>15%</td>
<td>$18,00</td>
<td>$36,000</td>
<td>$576,000</td>
<td>18.95%</td>
<td>$110,029</td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>20%</td>
<td>$22,85</td>
<td>$53,700</td>
<td>$1,078,400</td>
<td>31.43%</td>
<td>$341,447</td>
</tr>
<tr>
<td>Totals, per annum</td>
<td></td>
<td></td>
<td></td>
<td>$4,012,400</td>
<td></td>
<td>$935,250</td>
</tr>
</tbody>
</table>

Total over a 40-year working life

- **Income**: $160,496,000
- **Tax paid**: $39,005,992

### Comparison Group

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Percent Attained</th>
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<tr>
<td>No qualification</td>
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<td>$341,447</td>
</tr>
<tr>
<td>Totals, per annum</td>
<td></td>
<td></td>
<td></td>
<td>$3,553,680</td>
<td></td>
<td>$724,255</td>
</tr>
</tbody>
</table>

Total over a 40-year working life

- **Income**: $140,547,200
- **Tax paid**: $29,050,194

The annual income numbers are taken from the Education Counts web page (for Pasifika students), at [www.educationcounts.govt.nz/indicators/data/education-and-learning-outcomes/3700](http://www.educationcounts.govt.nz/indicators/data/education-and-learning-outcomes/3700)
The tax rates are from: [www.ird.govt.nz/how-to/taxrates-codes/taxsalaries.html](http://www.ird.govt.nz/how-to/taxrates-codes/taxsalaries.html)

**Conclusion:** 100 Dreamers equals $20m in extra income $10m in extra tax paid

Our programme expansion in the Tikipunga/Otangarei community of Whangarei will cost $1,000 per student per year, for 15 years. So each cohort of 100 students will cost $1.5m.

$1.5m investment generates $30m of economic benefit

20:1 Society makes a $20 return on every $1 invested.

This analysis understates the ROI considerably, for these reasons:

1. These income data are from 2011.
2. It assumes flat wages for 40 years, whereas the higher educated workers will widen the income gap (also see #3 below).
3. NZ has one of the lowest disparities in the OECD for lifetime earnings between the different levels of education attainment. According to the Education Counts source (see above), NZ only has a 24% premium for tertiary qualifications compared to high school. The average premium in the OECD is 55%, and in the US it’s 77%. This disparity is likely to widen in NZ with the growth of more knowledge intensive industries and occupations.
4. This analysis only considers the positive impact of education on incomes and tax paid. Significant additional benefits will accrue because there is a much lower rate of negative outcomes for Dreamers. The 35 years of the programme’s experience in the US, which is corroborated by our project in NZ, is that we have fewer Dreamers abuse drugs and alcohol, join gangs, go to jail, get pregnant or end up unemployed. The cost of putting a person in jail is approx $100,000 p.a. in NZ, and that’s just the direct cost, i.e., not counting the cost of the Police work involved, the Court system, etc. There are also the myriad social costs arising from poverty, including higher health system costs, more public housing, welfare services and payments, etc. We can confidently say that we have stopped the cycle of poverty in these Dreamer families, so the benefits will keep on accruing to future generations.