

On the fiscal, social, and individual costs of early school leaving:

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Research and policy documents clearly show that a high proportion of low-skilled persons has negative effects on economic growth and entail high fiscal and societal costs. Being aware of these adverse effects, the European Union defined reducing the rates of early school leaving as well as fighting poverty and social exclusion as two out of five headline targets in the EU-2020-Strategy (former Lisbon Strategy 2000). In a first step, the following book section outlines the state of research on the costs of early school leaving. The literature review shows that research in this field has a long tradition in the USA, Canada and Australia, whereas comparatively only a few studies have been conducted for Europe so far. From a macro perspective early school leaving is linked to lower rates of economic growth, lower tax revenues, higher unemployment and welfare payments, and higher expenditures on public health and criminal justice. Based on narratives, the article also sheds light on the individual consequences of early school leaving by presenting latest results of a qualitative study. Participants give voice to their lived experiences of being low qualified, which in many cases comprise unemployment, financial hardship, social isolation, and an increased risk of physical and mental distress. The section concludes with cost-benefit-analysis of American and European measures, which provide evidence that measures are more effective when implemented at an early stage of the educational career.