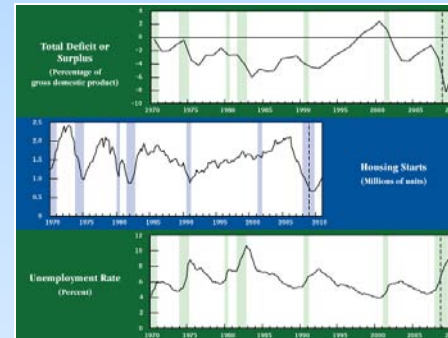
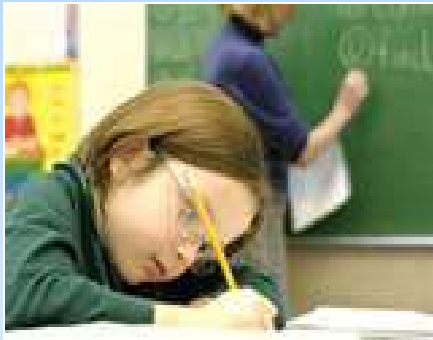


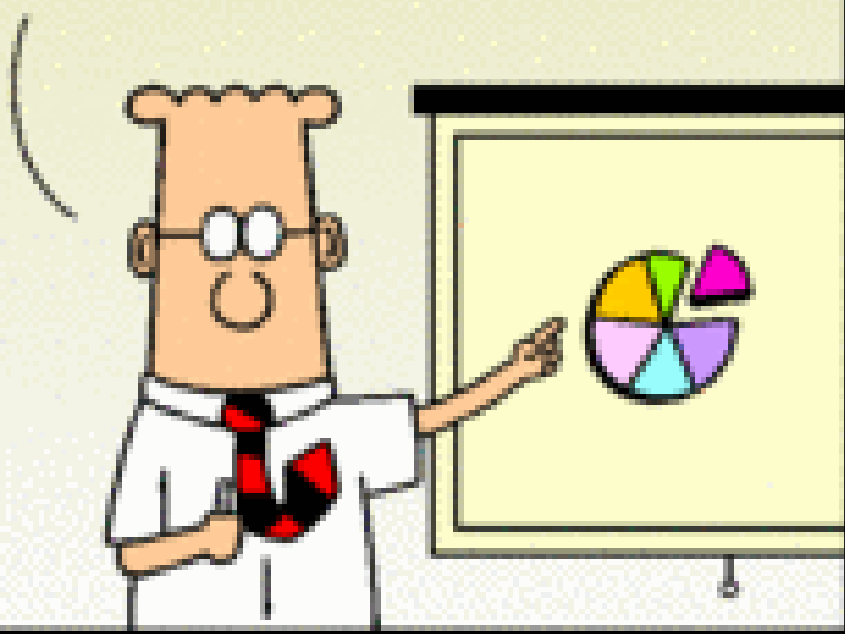
Education, the Economy, and the Changing World



9th Annual Intel Education Visionary Conference

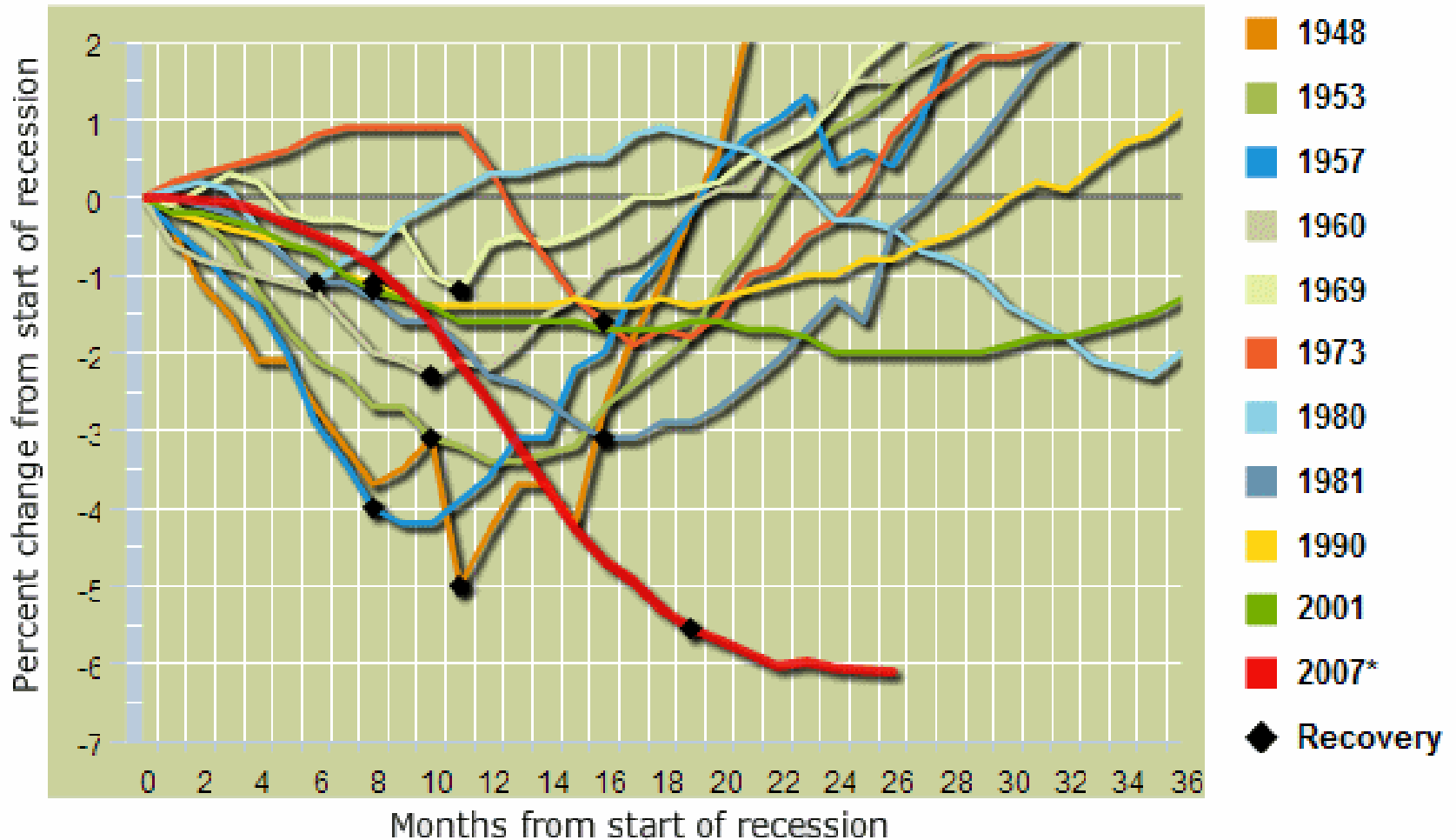
Richard G. Sims, Ph.D., Chief Economist, NEA
April 16, 2010

I DIDN'T HAVE
ANYTHING USEFUL
TO SAY SO I MADE
THIS PIE CHART.



And if you don't like pie charts...

Change in U.S. Employment: Recessions



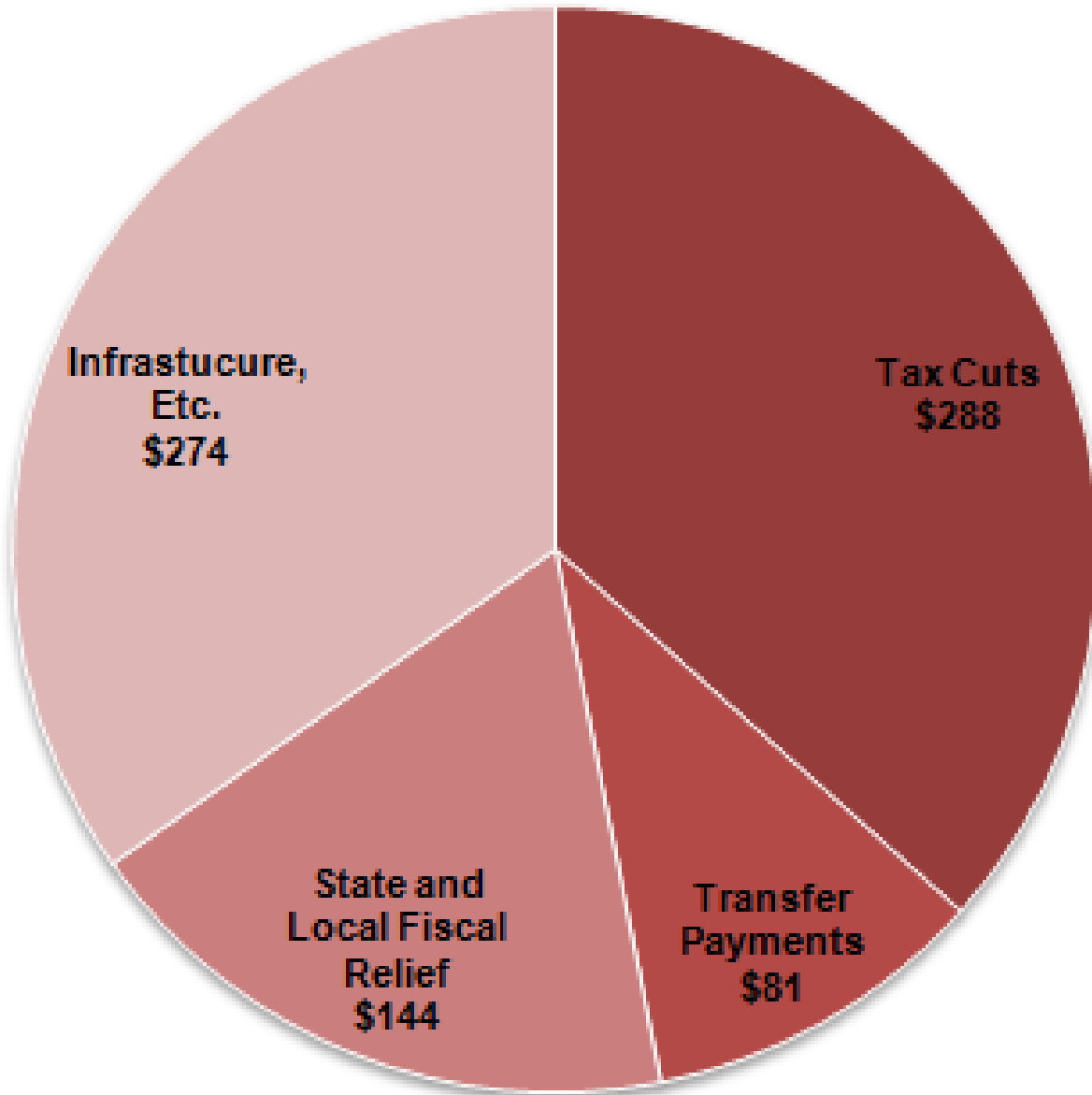
1948 1953 1957 1960 1969 1973 1980 1981 1990 2001 2007

*Start of the recovery for the 2007 recession is estimated to be July 2009.

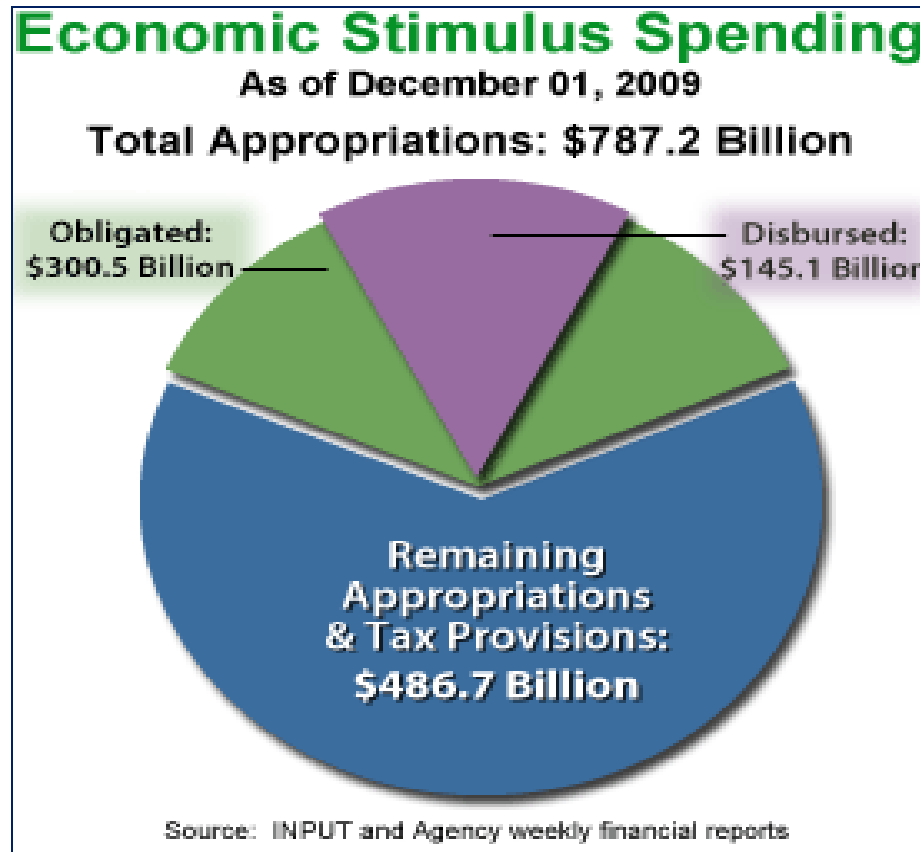
Source: Federal Reserve Bank of Minneapolis

Updated March 5 2010

American Recovery and Reinvestment Act (Values in Billions)

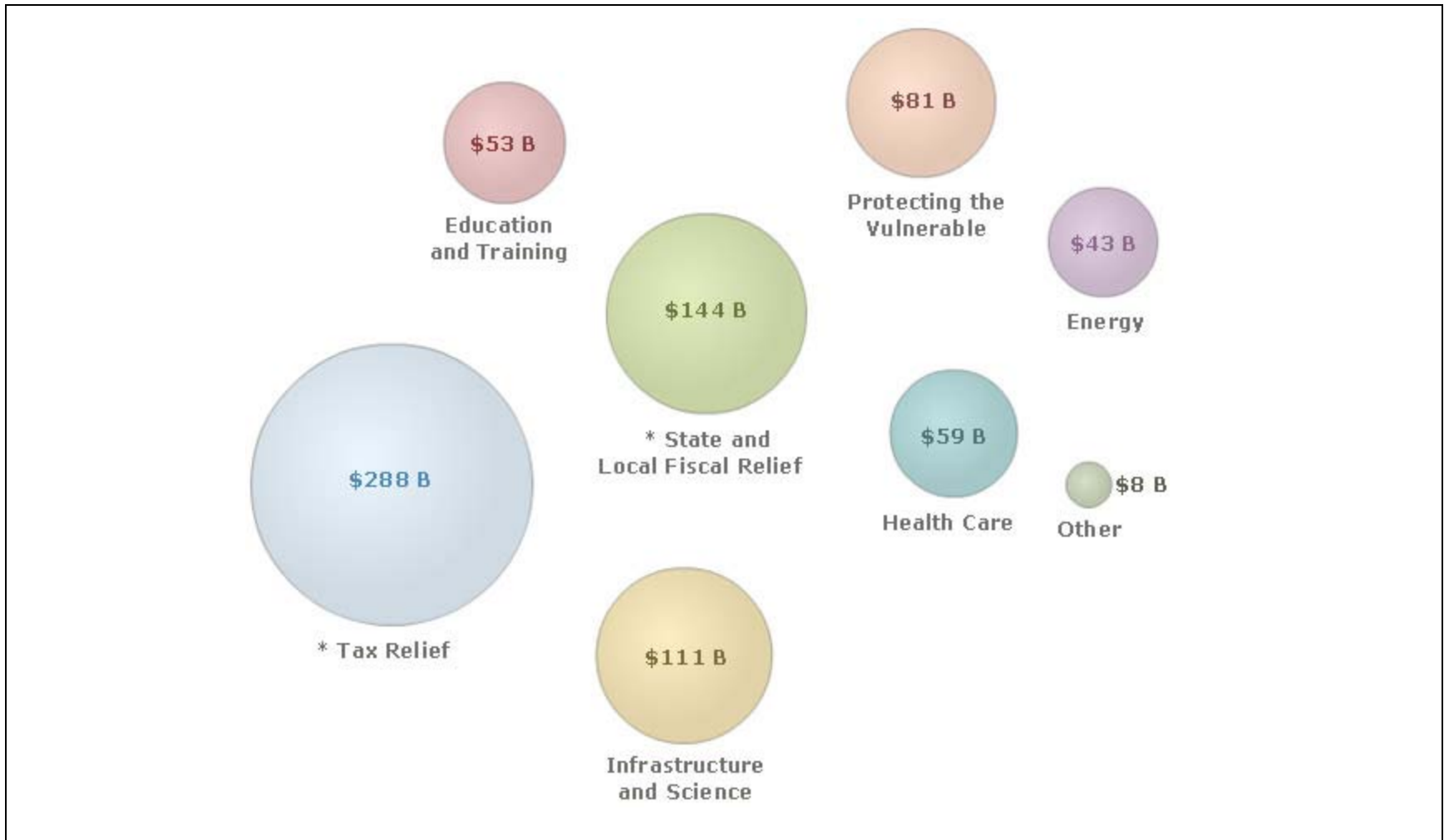


How much of the stimulus has been spent so far?

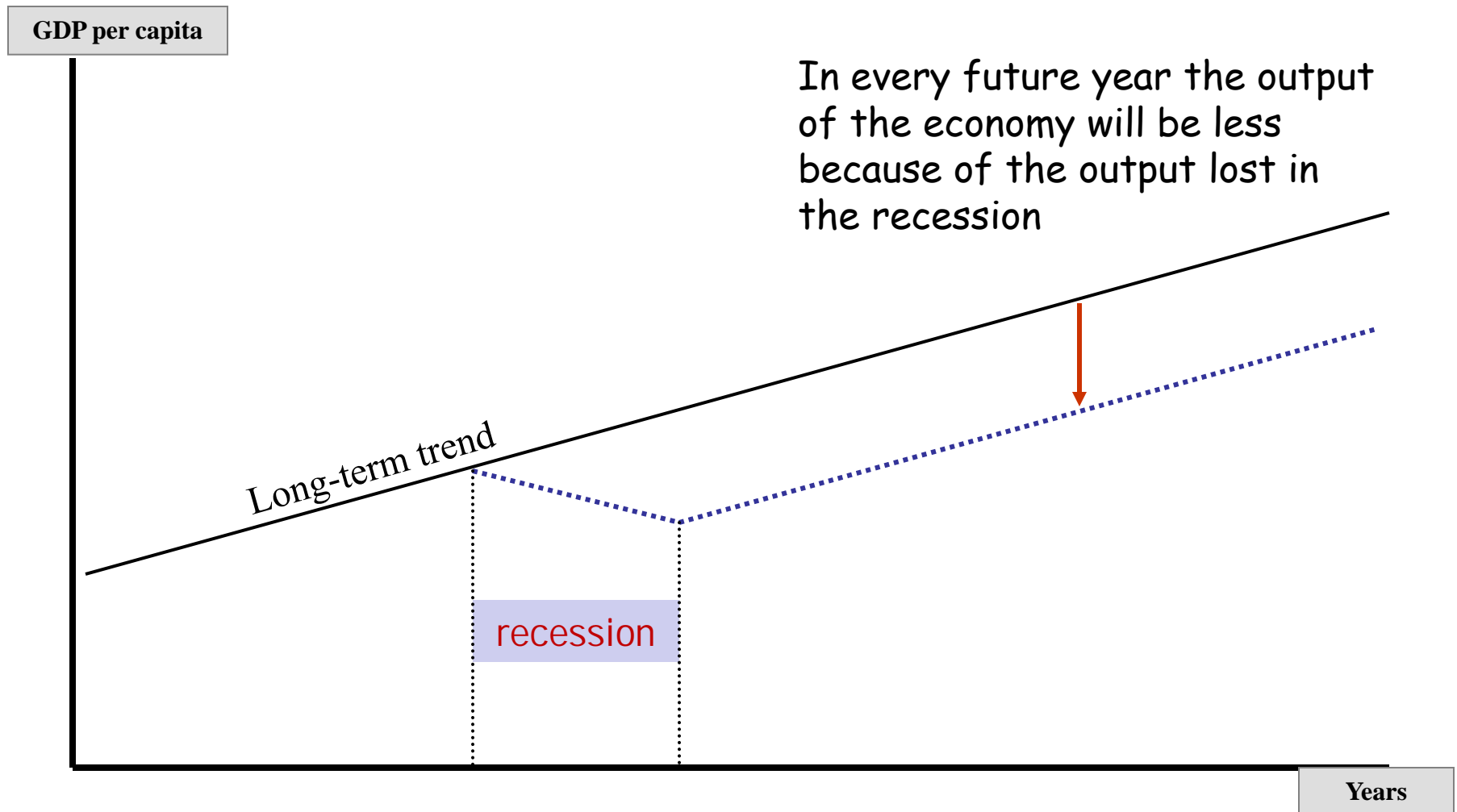


18.3% of the \$787.2 billion in economic stimulus spending has been disbursed to date.

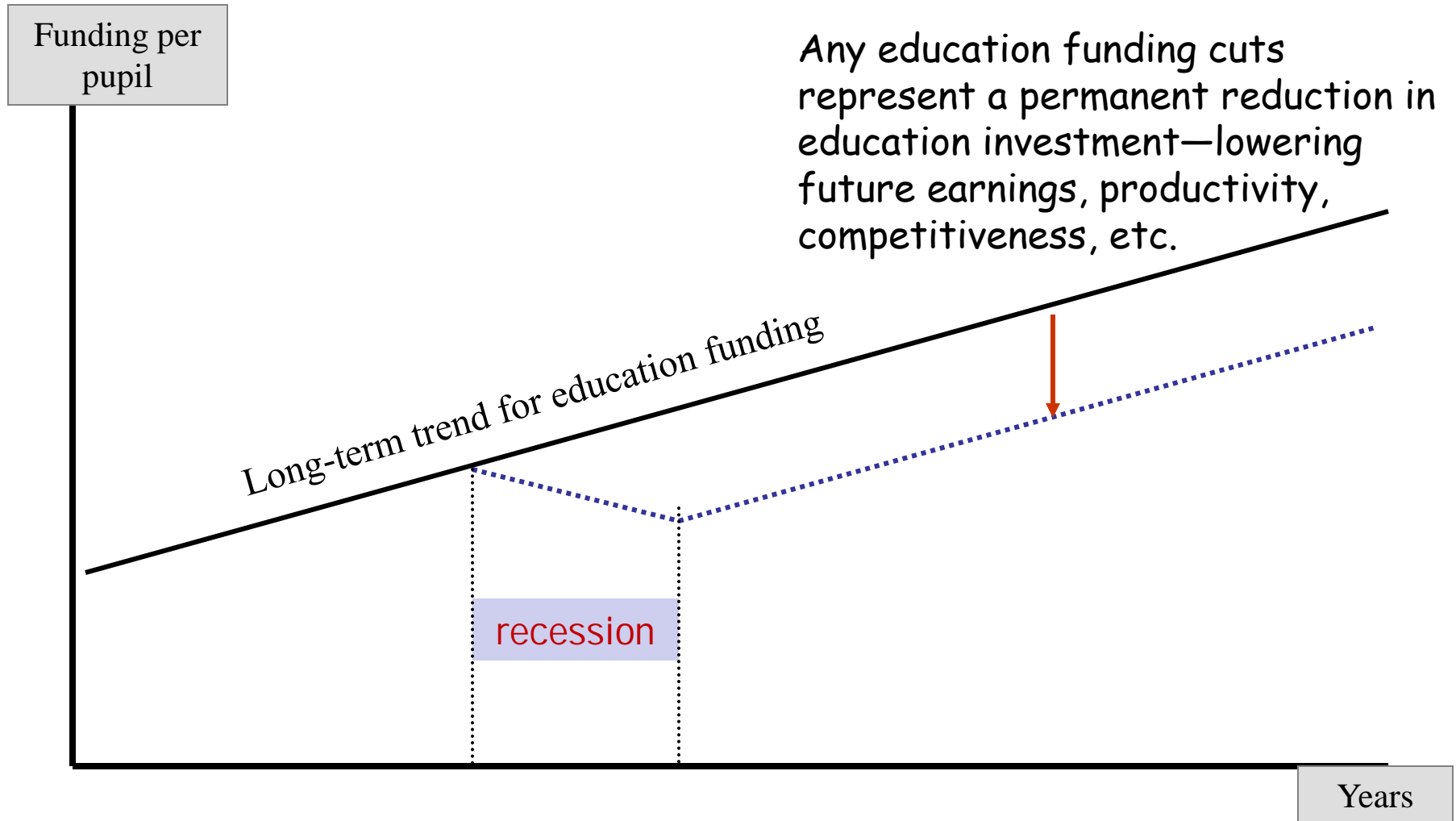
Follow the bouncing balls



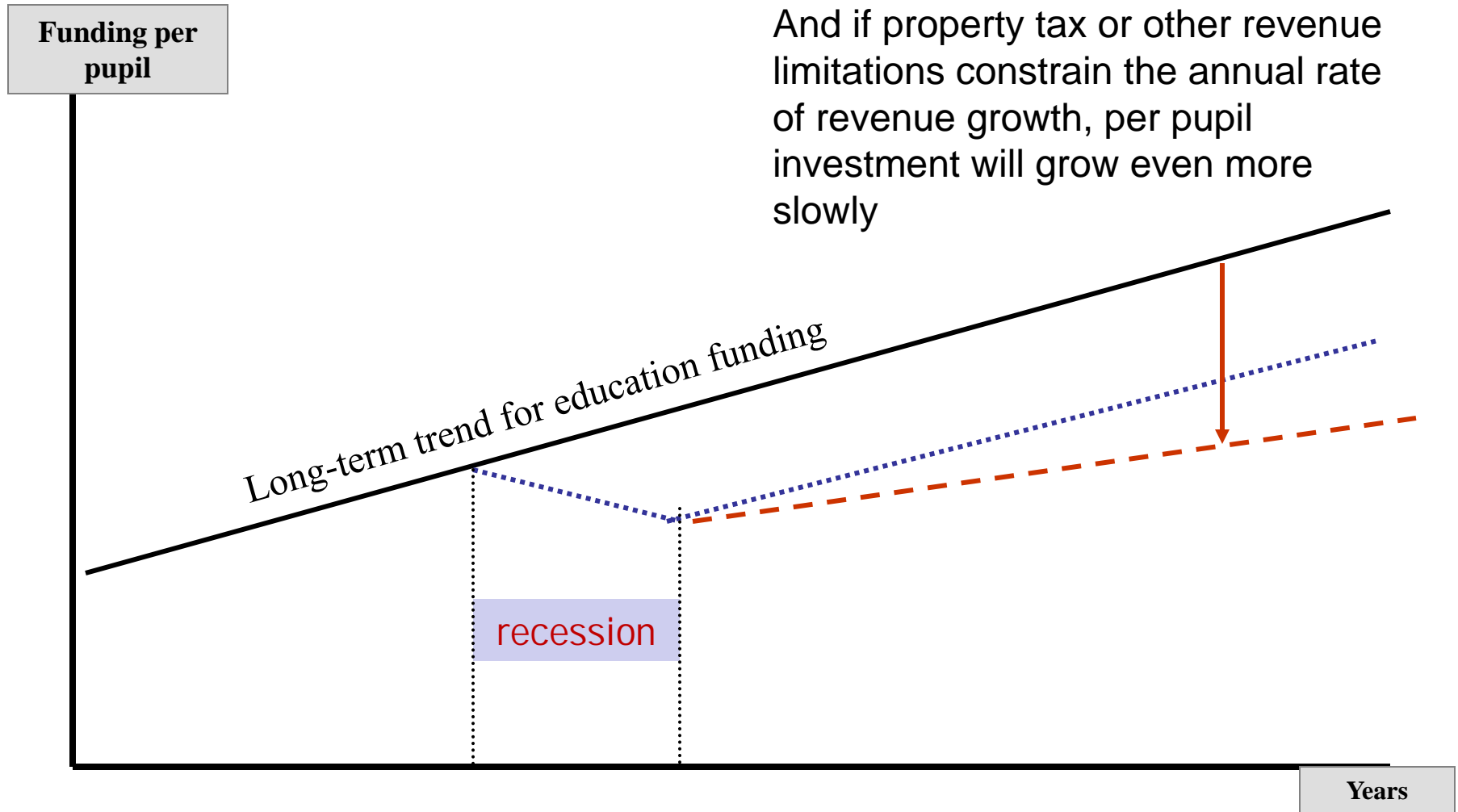
The recession will have permanent affects on the economy



A similar permanent downward shift applies to any cuts in *education funding*

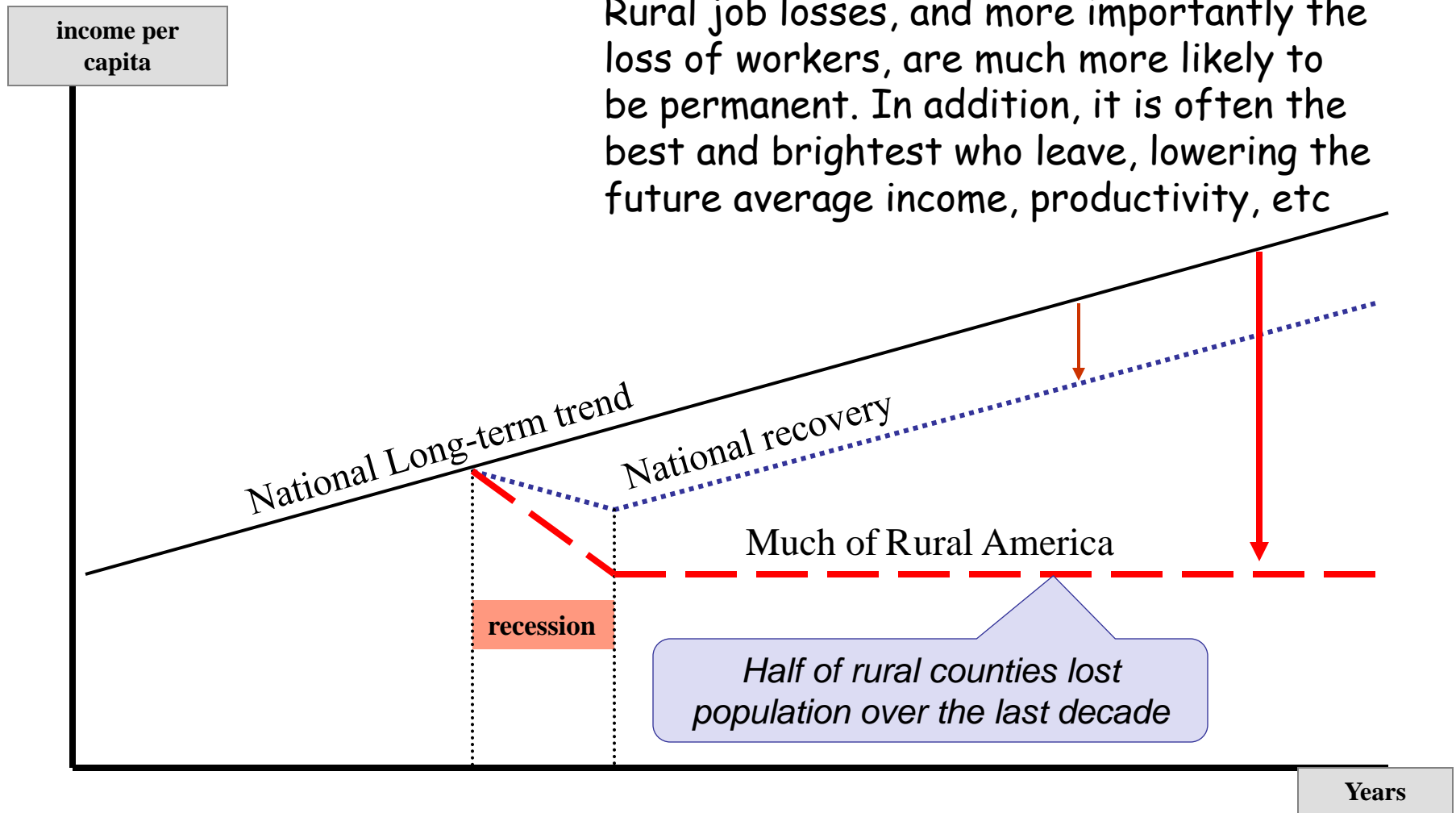


And there is no guarantee that funding will return to its long-term growth trend



The recession's permanent impact on many rural economies will be even greater

Rural job losses, and more importantly the loss of workers, are much more likely to be permanent. In addition, it is often the best and brightest who leave, lowering the future average income, productivity, etc



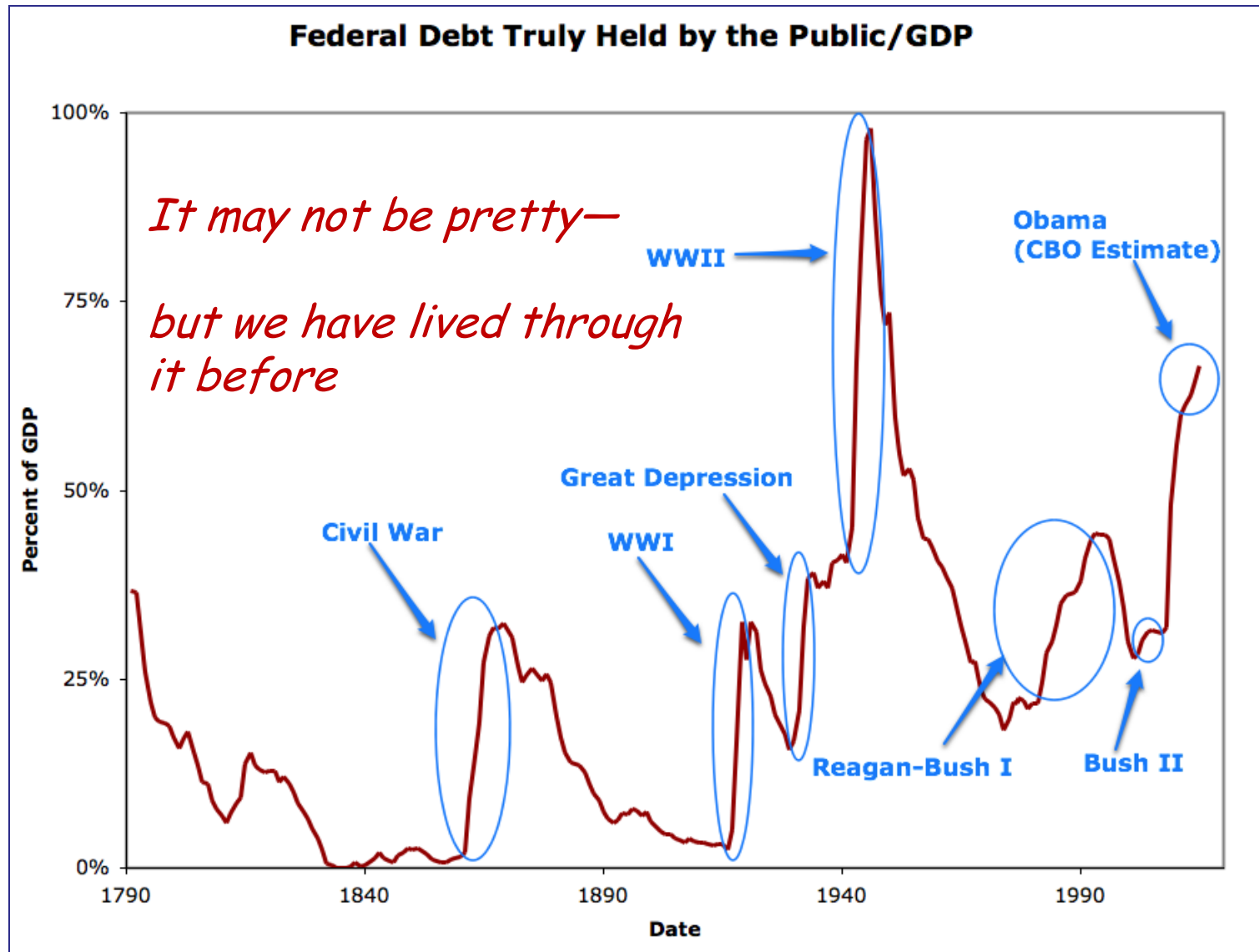
Some characteristics of the post-stimulus economy

- Many State and local governments will be devastated and in need of substantial restructuring
- The outlook for employment is grim
- Wages and personal income will grow more slowly
- Consumer spending, currently stalled, is likely to grow at lower rates in the future
- Housing is unlikely to re-gain its “great investment!” status
- Business investment will come back gradually and cautiously
- Taxes at all levels are likely to rise

Addressing the economic and education crisis involves a tremendous amount of public spending.

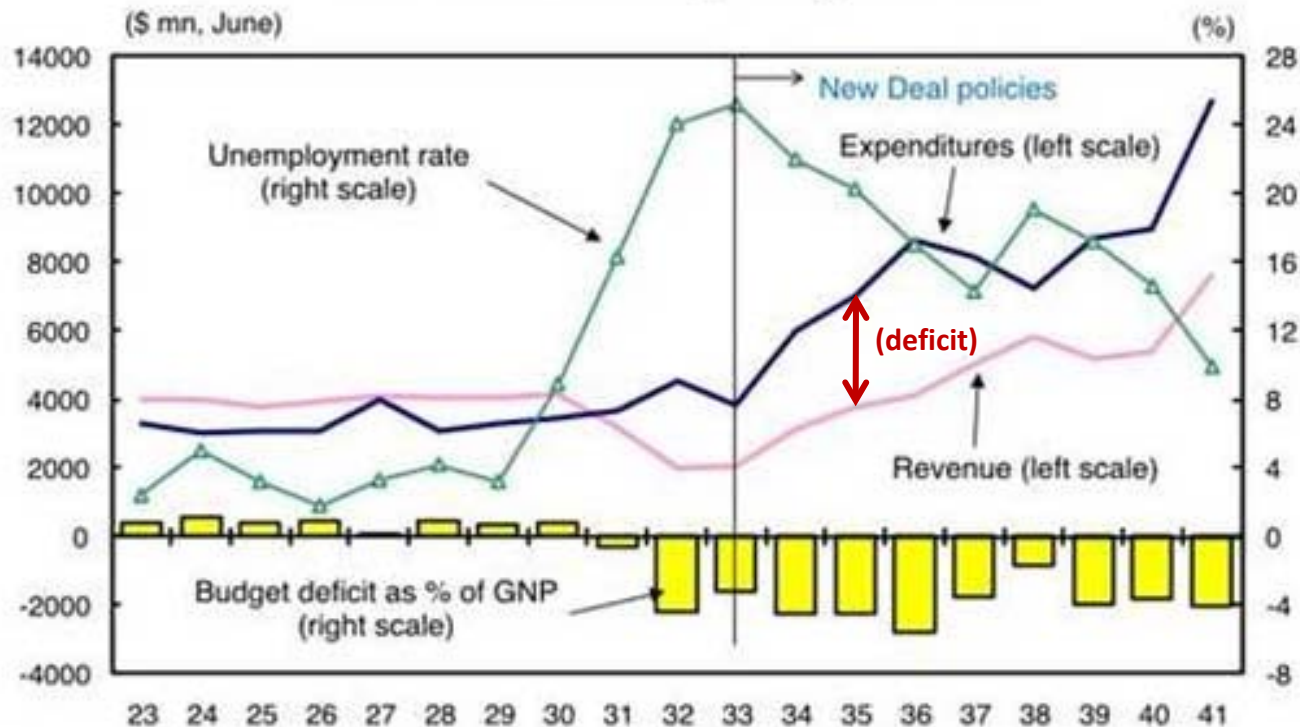
Will high debt and deficits be deadly for future growth?

Will high debt and deficits be deadly for the future?



It is possible increase government spending and significantly reduce unemployment without increasing the deficit

Exhibit 22. New Deal Policies Doubled Fiscal Expenditures without Increasing Budget Deficit*



* As a percentage of GDP

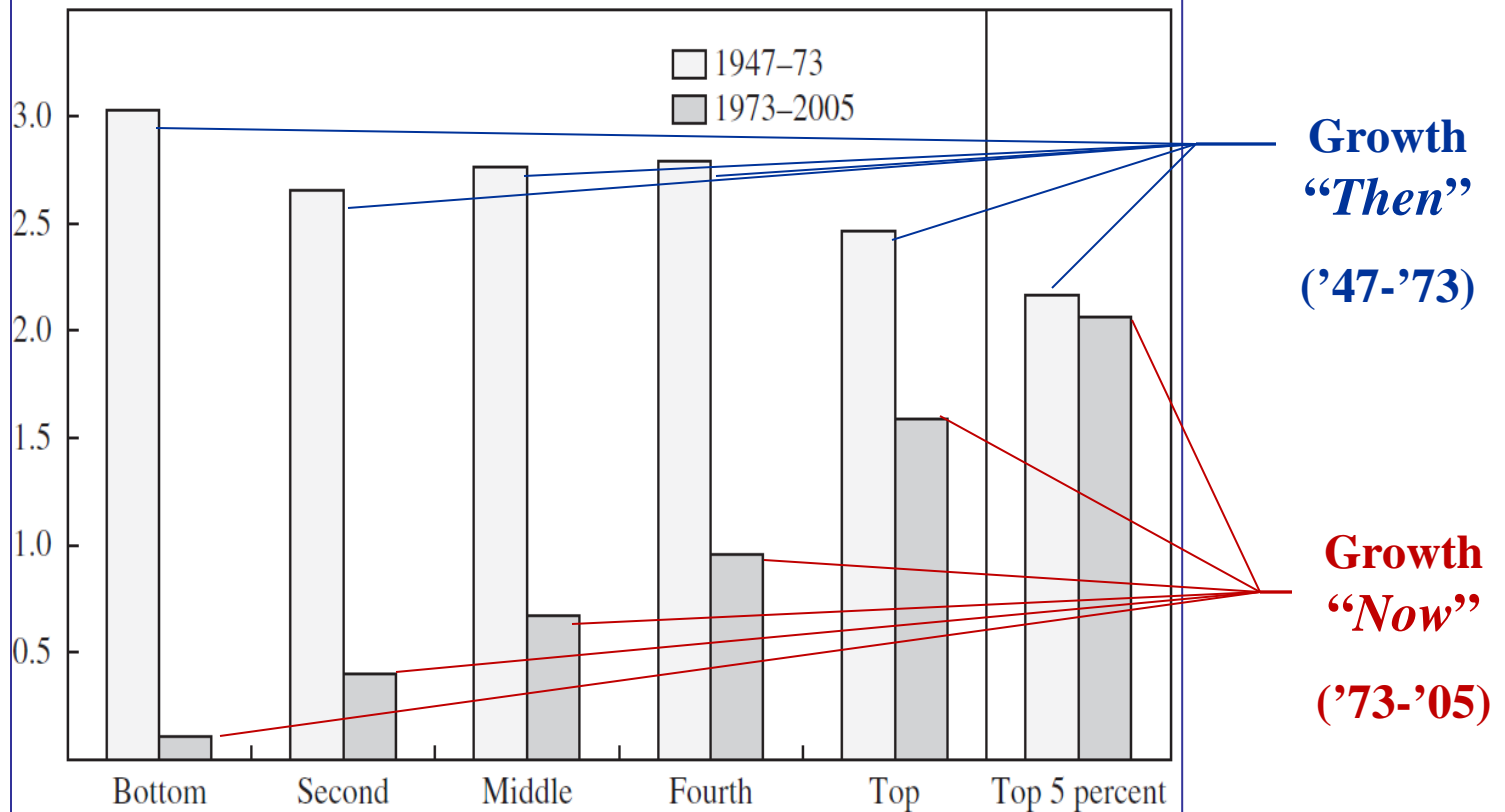
Source: Board of Governors of the Federal Reserve System (1976), Vol. 1, p. 513; US Bureau of the Census (1975), p. 229.

Growth in family income over the last half-century

*Those were the days, my friend,
(we thought they would never end)*

Figure 1. Growth in Real Mean Family Income by Income Quintile, 1947-73 and 1973-2005^a

Percent a year

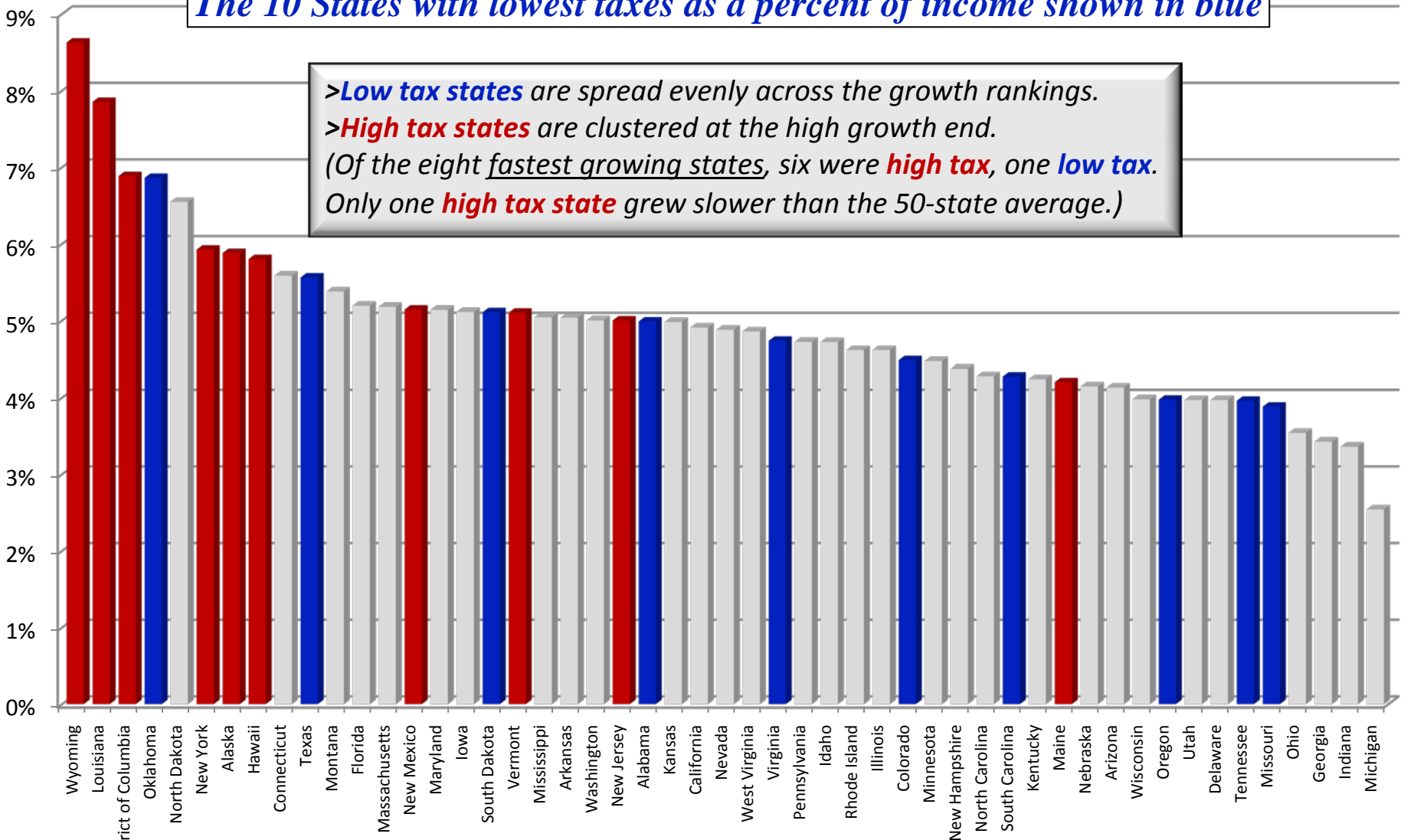


Source: U.S. Census Bureau, Historical Income Tables, tables F2, F3, and F7.

a. Money incomes before tax and after transfers are converted to constant dollars using the consumer price index research series (CPI-U-RS).

States' Growth 5 years before the Crash

The 10 States with highest taxes as a percent of income shown in red
The 10 States with lowest taxes as a percent of income shown in blue



Sources: US Census, state and local taxes as a percent of resident's personal income, shown as the average for the 2002 – 2007 period. Growth is from US Bureau of Economic Analysis, change in per capital personal income, shown as the average for the 2003-08 period.

Education is a smart investment

Taxpayer's return on investment in public education exceeds returns generated by the stock market

Long-term return on common stocks:* 6.3%

Public return on investment in education:** 14.3%

**Includes dividends and price changes.*

***Elementary and Secondary, includes additional taxes and reductions in social service outlays.*

Sources: Stockmarket evaluations from a literature survey reported in "Long-term Returns," by Victor Niederhoffer and Alex Castaldo, April 2004; education information from "Returns to Investment in Education: A Further Update," by George Psacharopoulos and Harry Patrinos, World Bank, 2009.