The assessment of economic impact begins with a few simple facts: Those with higher achievement and greater cognitive skills earn more, and the value of higher achievement persists across a student’s entire work life. Moreover, the economic growth of states is highly dependent on the quality of the state’s labor force. The pandemic implies that the future workforce will be less prepared to contribute to economic growth.

Even if education returns to its pre-pandemic quality, there is a cohort of students that will move through the future labor force with lower skills and achievement than those both before and after them. As detailed on the following page, this cohort will have lower lifetime earnings, and their reduced skills will, by historical observations, lead to a slowdown in growth (relative to what would have occurred without the pandemic).
For the state of Nebraska, our assessment is that COVID-19 learning losses will result in a total economic loss of 1.3 percent of GDP over the twenty-first century, a loss, in present value terms, of $54.1 billion. Nebraska students in the COVID cohort can expect on average 3.9 percent lower lifetime earnings.

The complete national analysis can be found at hoover.org/research/economic-cost-pandemic.

Background