


Report Fact Sheet

The Economics of More Capable Young People: Improving young people's social and emotional skills for learning

Part of the series: [The New Economics of Education](#)

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By: Commissioned by Learning Creates Australia, Modelling by Impact Economics and Policy

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What is this report about?

This report estimates the national economic value of improving the social and emotional skills for learning of Australian school-aged children. It models how strengthening these – alongside academic instruction – leads to better outcomes in school, work, and life. Drawing on international and Australian research, it shows that investing in social and emotional learning (SEL) delivers strong economic returns, especially for young people facing disadvantage.

Key findings

- \$22 billion boost in lifetime earnings for the current generation of school-aged children
- Every \$1 invested delivers a \$4 return to the economy
- Benefits flow from better academic results, stronger employment outcomes, and greater workforce participation
- Equity groups stand to gain the most
- Additional, unquantified gains include improved health, reduced welfare dependency, and stronger social cohesion

Why it matters

Too many young people leave school disengaged and under-prepared – for both learning and life. Social and emotional skills improve behaviour and increase academic performance, especially for students facing disadvantage. At the same time, employers need graduates who can collaborate, adapt, and self-manage. Building these capabilities strengthens learning and delivers long-term economic value – making them essential for a future-ready education system.

What are social and emotional skills?

Social and emotional skills – sometimes called soft skills or capabilities – include cognitive skills like attention and planning, emotional competencies like managing feelings and understanding others, and social skills like teamwork and empathy. These skills are essential for success in learning, relationships, and the workforce.

How the modelling works

This report models the long-term economic benefit of improving the social and emotional skills of all Australian school-aged children.

- The modelling draws on international evidence from randomised controlled trials and longitudinal studies, primarily from the US and UK
- It assumes a modest but achievable improvement in student capabilities – a 0.2 standard deviation shift across the cohort
- Two potential impact pathways were examined:
 - Direct impact – improved skills like self-awareness and relationship management leading to stronger employment outcomes
 - Indirect impact – improved academic achievement flowing from stronger social and emotional skills, leading to better earnings
- To remain conservative and avoid double counting, only the indirect impact is included
- The model includes 4.2 million students and projects benefits over a 35-year period
- \$29 billion in gross benefit is estimated from improved earnings and participation
- After delivery costs of \$7.6 billion, the net return is \$22 billion – or \$4 for every \$1 invested
- The estimate excludes additional potential benefits – including \$1 billion in health savings, \$0.9 billion in reduced welfare payments, \$5.4 billion in extra tax revenue, up to \$1 billion in workplace productivity gains, and unquantified savings from reduced justice costs and improved social cohesion.

Evidence base

- Draws on two decades of international and Australian longitudinal research
- Informed by meta-analyses covering over 1 million students
- Built on conservative assumptions and uses only the most robust indirect impact pathways

Limitations of the modelling

- The model only estimates benefits from improved social and emotional skills. Other important capabilities (e.g. creativity, ethical reasoning) are excluded due to limited quantifiable data.
- The \$22B estimate includes only indirect impacts via improved academic learning. It excludes: direct effects (e.g. SEL's influence on workplace skills or wellbeing), broader public value (e.g. reduced health, justice and welfare costs; increased tax revenue), spillover productivity gains from improved workplace culture
- The modelling assumes average implementation quality, so real outcomes may vary.
- Returns take time, with benefits unfolding over 35 years.
- This is a deliberately conservative estimate, and the true value is likely much higher – especially for disadvantaged students.

About the series: The New Economics of Education

Australia is at a turning point. With an ageing population and rising youth disengagement, we need better returns from our education system. These reports provide conservative, credible economic modelling on how investments in broader recognition and capability development can unlock significant long-term value – for individuals and the economy.

Learning Creates: What we are asking for

We can't keep treating academic results and broader capabilities as separate. They are interconnected – and essential to learning success. Governments, systems and parents must back the schools already leading this work and create the policy conditions to grow it – by resourcing what matters, supporting local adaptation, and rethinking how success is recognised.