Educational Attainment and Economic Outcomes

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Importance of Early Childhood Education

- Art Rolnick on Early Childhood Education
  - Help someone early in life, they reap a lifetime of benefits
  - Early Childhood Education provides a high return for individuals and society as a whole
- These observations have been confirmed by good empirical research and serve as a foundation for policy advocacy
Outline

- Variability of economic outcomes is influenced by educational attainment
  - Low educational attainment workers are disproportionately impacted by recession
  - Impacts other outcomes like home purchases and future earnings
- Low and moderate income communities with limited resources would see highest return from investment
Figure 1
U.S. Unemployment Rate by Educational Attainment of Population 25 Years and Older

January 2000 - February 2013

Percent

Less than High School Diploma
High School Diploma, No College
Some College or Associate's Degree
Bachelor's Degree or Higher


Recession

Source: BLS, Census Bureau, NBER / Haver Analytics
10 years after a spell of unemployment, worker makes 16 percent less than someone who was not unemployed

Impact is even larger with longer-duration unemployment

No catch-up for years of lost income

Impacts future home ownership

Impacts wealth
Implications of FRB Boston Study

- Monetary Policy Implications
  - Spells of unemployment have a lasting impact after the economy recovers
  - More aggressive response to persistently high unemployment is warranted

- Children achieving highest potential educational attainment
  - Failure to achieve potential impacts a wide variety of future economic choices – Earnings, Housing, etc.
  - These programs are being threatened in many low and moderate income areas by budget austerity
Comparison of Massachusetts Mid-Sized Cities

- Educational attainment comparison between high poverty cities and low poverty cities
- Educational attainment failure is persistent in the data from very early ages
Figure 2
Share of Children Under Five Years Old Living Below the Poverty Level
2009 - 2011

Figure 3
Share of Children Three and Four Years Old Enrolled in School

2009 - 2011

Figure 4
Share of Students Scoring Proficient or Higher on Third-Grade MCAS

2012

Source: Massachusetts Department of Education
Figure 5
Four-Year High School Graduation Rate

2012

Source: Massachusetts Department of Education
Conclusion

- Children in high poverty areas face many obstacles — educational opportunities can impact economic outcomes throughout their lives.
- The work of this conference is important if all children are to have an opportunity to succeed and flourish.
- There has been some progress but we have much more work to do.
Figure 6
Share of Massachusetts Public Kindergarten Students in Full-Day Programs
2000 - 2012

Source: Massachusetts Department of Elementary and Secondary Education