

MERC Leadership Academy

Education and Economic Development

Jackson, MS

February 17, 2016

Presentation Overview

- I. Introduction
- II. Economic Mobility and Economic Development
- III. Education and Investment in Children
- IV. Questions and Discussion

Nexus Between Economic Mobility and Economic Development

- What is economic mobility?
- In a relatively mobile society an individual's wage, education or occupation aren't strongly tied to that of their parents.
- For those born into poverty, climbing the ladder depends on a range of factors such as individual ability, family and social environments, networks and attitudes. But public action and institutions— particularly education and to some extent tax policies make a difference.
- A recent OCED study suggests that low economic mobility can constrain productivity and curb economic growth.

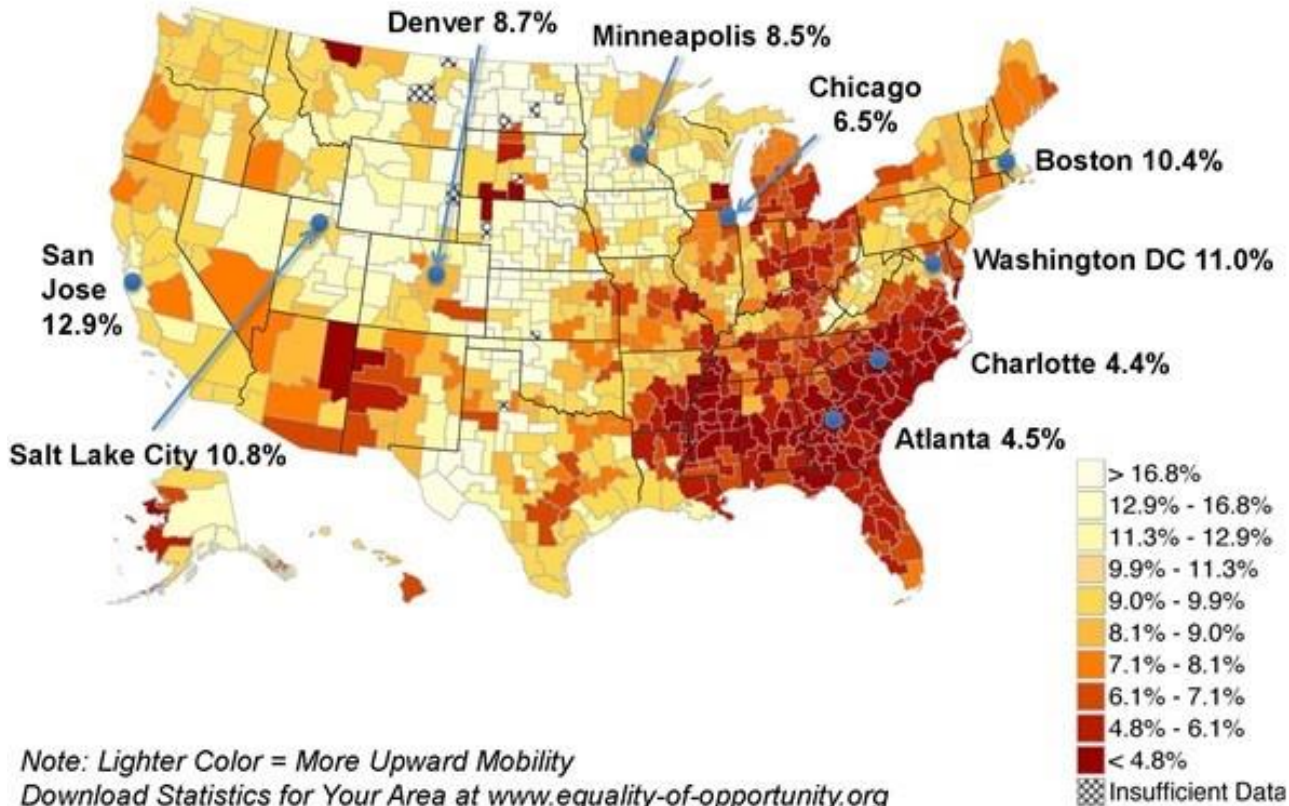
Place Matters

- Is the U.S. the “land of opportunity,” where a child’s chances of success don’t depend on family background?
- Research by Raj Chetty that measures the chance a child raised in the bottom fifth of income will rise to the top fifth show ranges from 3 percent to 35% in U.S.
- This stagnation of opportunity is influenced by factors such as schools, housing, segregation, inequality, social capital, family structure and institutional racism.
- Limited economic mobility has a definite intersection with race.
- Mobility is lower in areas with larger African-American populations and areas with large black populations have lower rates of upward mobility for children of all races.

Place Matters

The Geography of Upward Mobility in the United States

Chances of Reaching the Top Fifth Starting from the Bottom Fifth by Metro Area



The importance of high quality education and investment in children

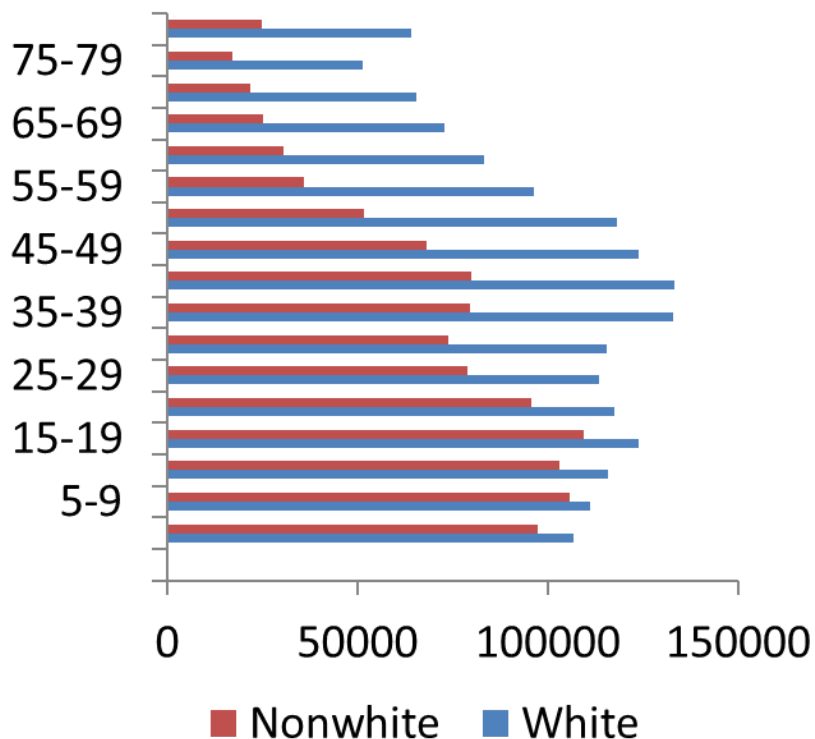
- There are two ways to improve children's chances:
 - Helping them move to a better areas
 - Investing in places with low economic mobility
- Chetty finds that much of the difference in children's chances emerges while they are teenagers, before they enter the labor market.
- The quality of the K-12 school system is important to mobility.
- Using proxies such as test scores, dropout rates, and smaller class sizes, they found that high quality schools have higher rates of upward mobility.
- Areas with higher local tax rates, which are predominantly used to finance public schools, also have higher rates of mobility.

The importance of high quality education and investment in children

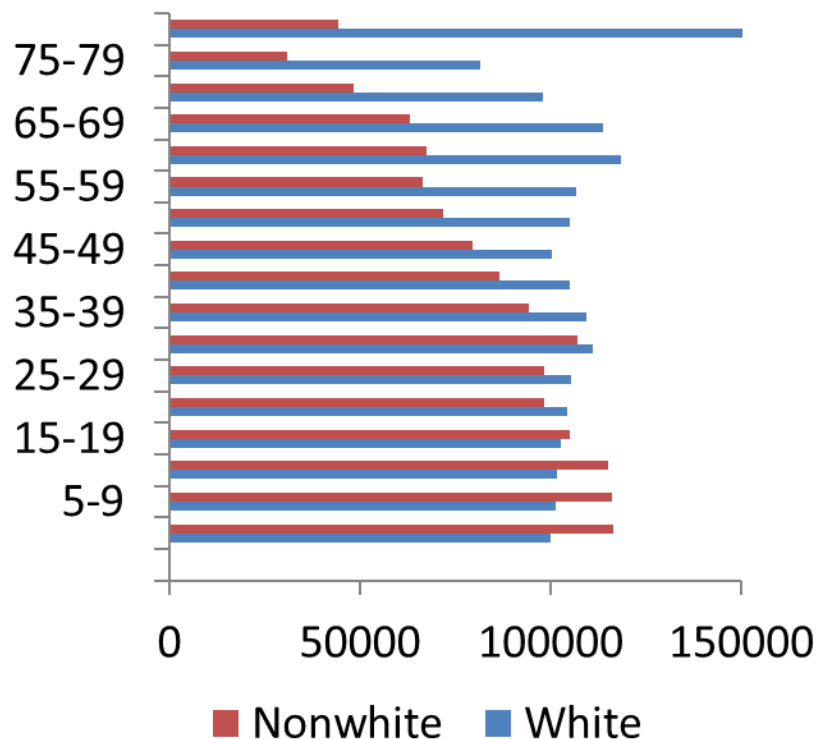
- In 2012, Mississippi had the highest unemployment rate for youth ages 16 to 24(23%)
- According to the Kids Count Data Center, Mississippi also had the highest proportion of youth ages 16 to 19 who are considered “disconnected” meaning they are not working and not in school (12%).
- In a recent analysis comparing MS with states in the region, the Upjohn Institute found that the labor force participation rate for young people was 4.1 % lower than other states in the region.

In less than 10 years, Mississippi's population under the age of 19 will be significantly Minority

2000



2025



Earnings and unemployment rates by educational attainment, 2014

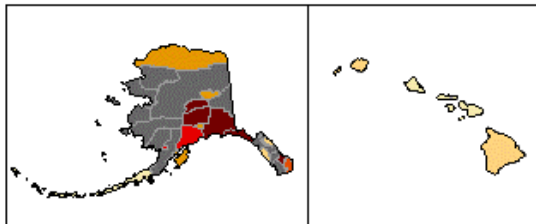
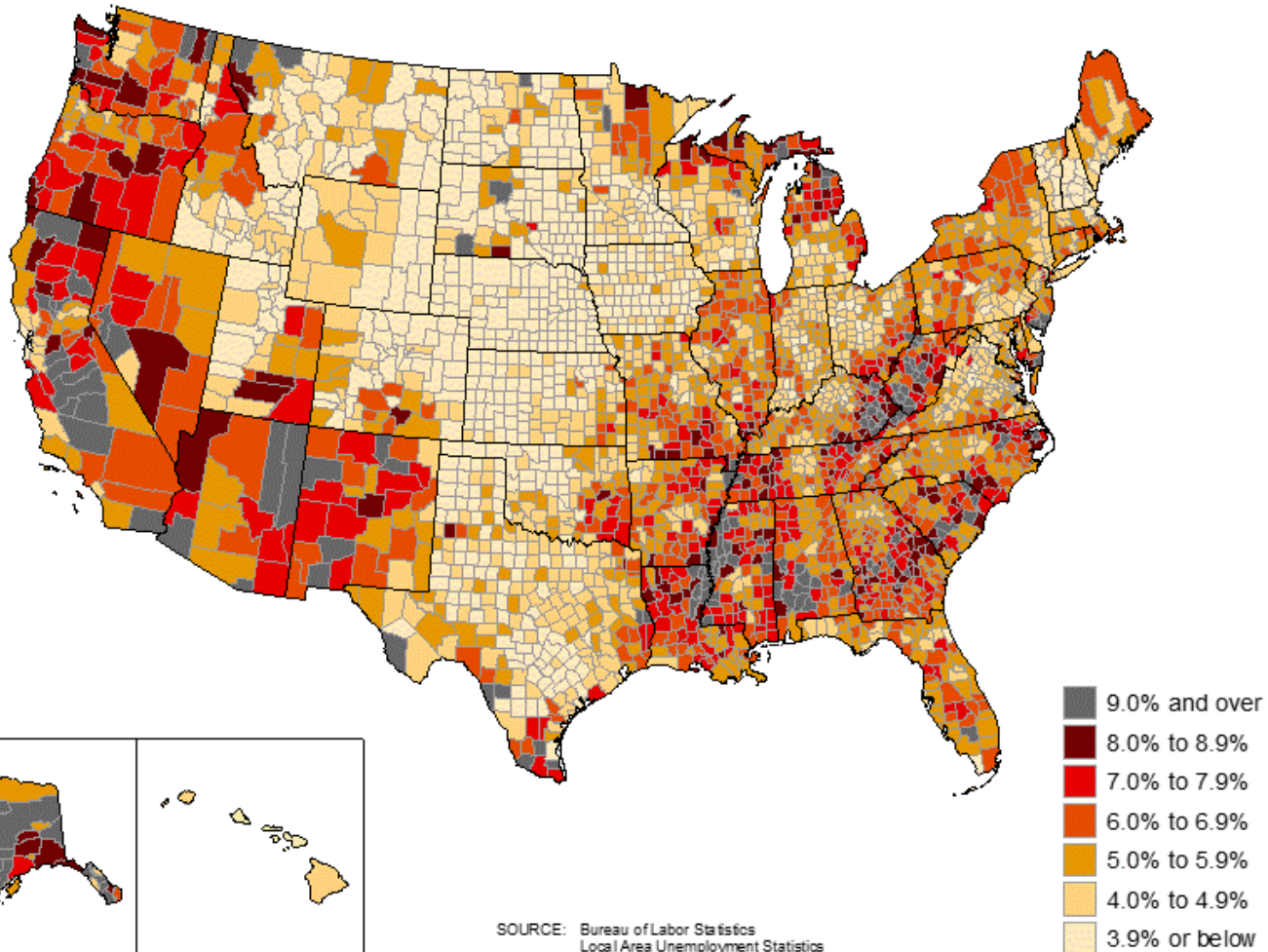
Earnings and unemployment rates by educational attainment		
Education attained	Unemployment rate in 2014 (Percent)	Median weekly earnings in 2014
Doctoral degree	2.1	\$1,591
Professional degree	1.9	1,639
Master's degree	2.8	1,326
Bachelor's degree	3.5	1,101
Associate's degree	4.5	792
Some college, no degree	6.0	741
High school diploma	6.0	668
Less than a high school diploma	9.0	488
All workers	5.0	839
Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers. Source: Current Population Survey, U.S. Department of Labor, U.S. Bureau of Labor Statistics		

Educational Attainment, 2014

EDUCATIONAL ATTAINMENT	Mississippi	United States
Population 25 years and over	1,950,710	213,725,624
Less than high school diploma	17.2%	13.1%
High school graduate (includes equivalency)	30.0%	27.7%
Some college or associate's degree	31.7%	29.1%
Bachelor's degree	13.0%	18.7%
Graduate or professional degree	8.0%	11.4%

Unemployment rates by county, January 2015 – December 2015 averages

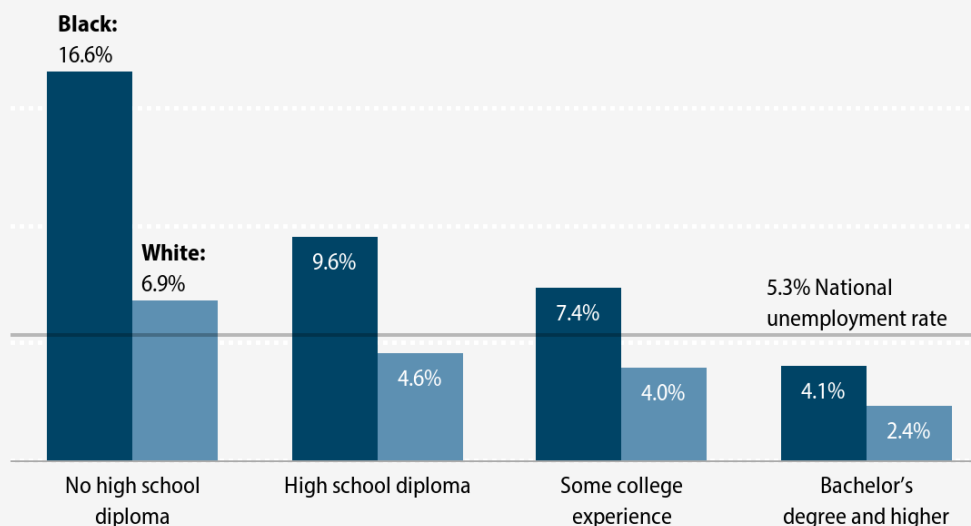
(U.S. rate = 5.3 percent)



Increased Educational Attainment Leads to Lower Unemployment Rates, But Not For Everyone

Black unemployment is significantly higher than white unemployment regardless of educational attainment

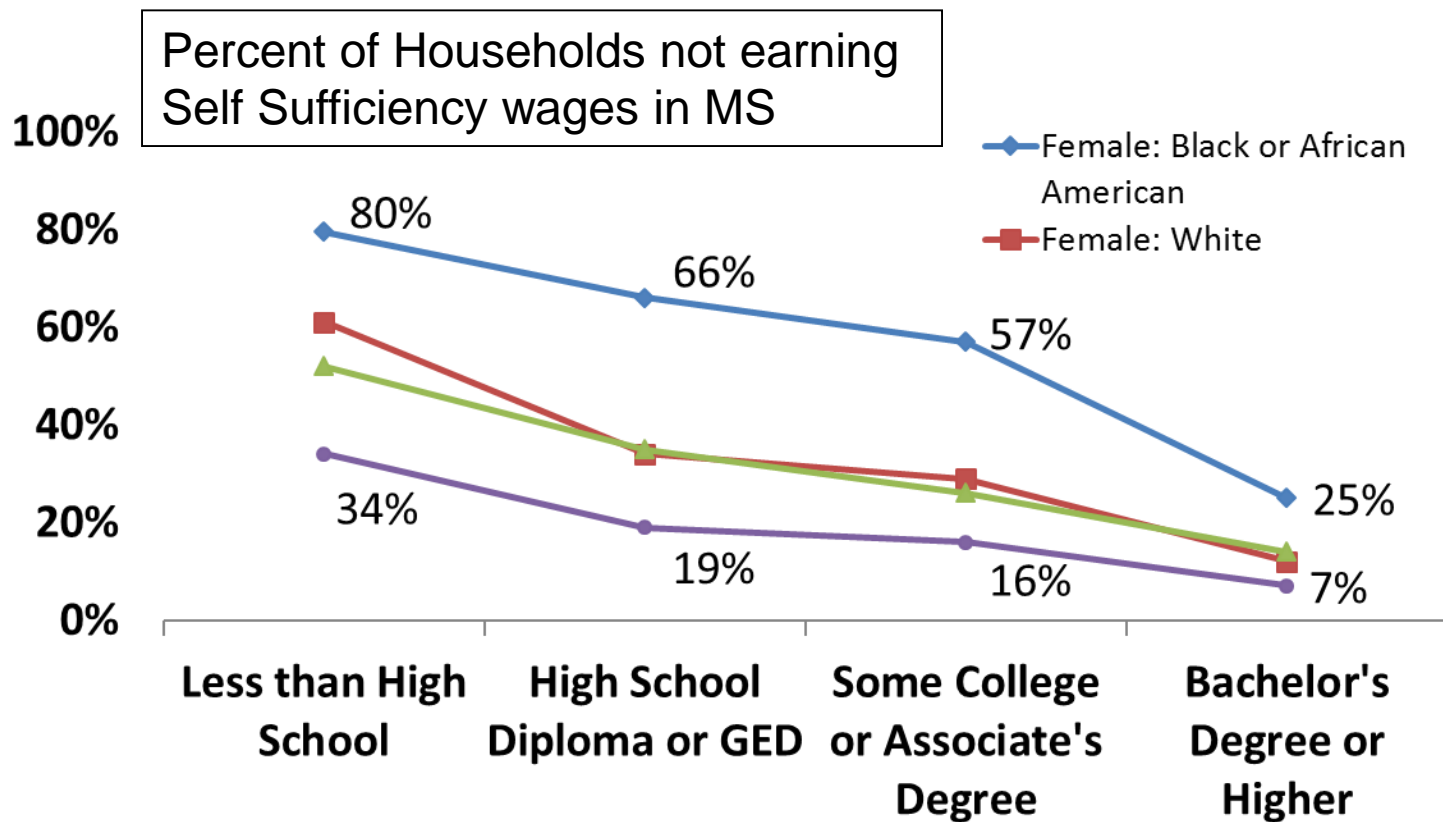
Unemployment rate by race and education level



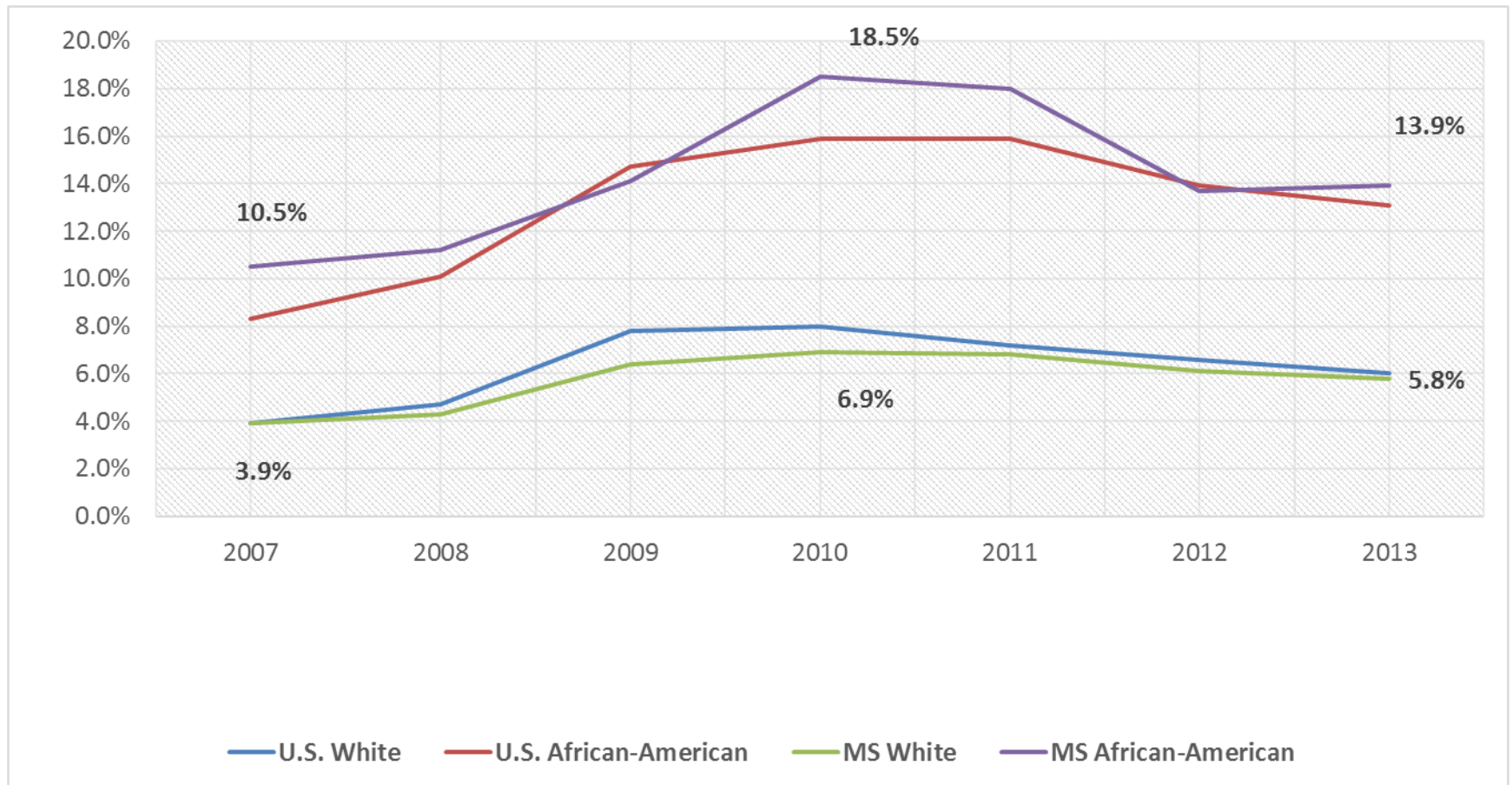
Source: Author's calculations based on monthly Current Population Survey data. The 12-month averages include data for December 2014 through November 2015 and is calculated for people age 25 or older.

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Increased Educational Attainment Leads to Higher Earnings, But Not For Everyone



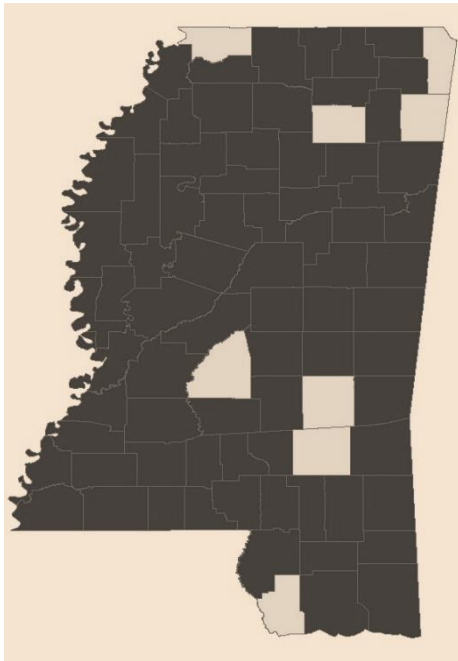
Unemployment by Race, 2013



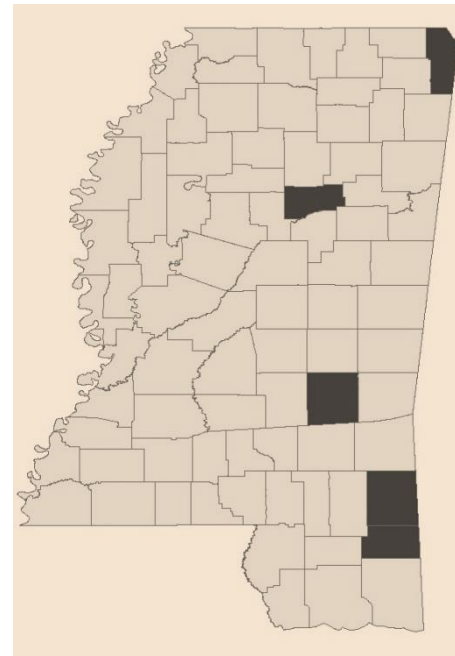
Unemployment by County by Race 2012

(Rates equal to or above 10% are in Dark Brown)

African American



White



Discussion

- How does research on the importance of economic opportunity influence how we should think about education and economic development?
- Given what we know about the lower return on investment in higher education for African Americans, do you think this influences the accumulation social capital, behavior, or choices?
- A large body of research suggest concentrating investments in children when they are very young, what are some investments or interventions that could be focused on school-age children?