

OPPORTUNITY COMPACT: EDUCATION

A Look Into Our Future: The Economic Impact of a Poorly Educated Workforce



The Current State of Our Public Education System Continues To Be In Crises



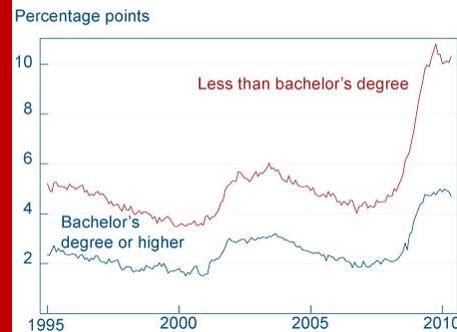
Recent Data Indicates Limited Progress and Continued Deficits

- According to a new analysis from the Editorial Projects in Education (EPE) Research Center – across the nation nearly 1.3 million students from the Class of 2010 will fail to graduate with their classmates:
 - The report *“Diplomas Count 2010: Graduation By the Numbers—Putting Data to Work for Student Success”* indicates a national graduation rate of 68.8%, which represents a slight drop (0.4 percent) from the 69.2% graduation rate reported in 2009
 - Additionally, nationally every 26 seconds student drops out of high school with 7,000 students dropping out per school day
- While the State of Illinois graduation rate is slightly higher at 74% (20th nationally), there continues to be dramatic disparities in the quality of education across socioeconomic, racial lines with a widening achievement gap:
 - A study by the Schott Foundation for Public Education indicates that in Illinois 36% fewer black males graduate high school than do whites
 - In the Chicago Public Schools, the overall graduation rate is approximately 55% with only 44% black males graduating from high school
 - According to the Illinois Policy Institute the combined graduation rate across Illinois of the bottom fifteen performing districts is less than 51%

Some Economists Indicate That it is Our Poor Education System That is Slowing Economic Recovery

Significant Financial Implications for the Future

Unemployment Rate



Source: Bureau of Labor Statistics.

- ❑ The demand for well-educated workers is only growing, and the effects have a cumulative impact on the growth of our nation's economy
- ❑ The rise of a highly competitive global competition and the expansion of sophisticated information technologies will continue to push employers to value better educated workers
 - This fact provides a bleak future for the ever increasing numbers of our students dropping out of school
- ❑ Unfortunately, if a college degree is required for an increasing number of jobs in the U.S. – too many of our students will be relegated to low wage jobs and high levels of unemployment
- ❑ Resulting in a period of lower productivity and higher unemployment for the nation

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Unfortunately Less Educated Workers Bear the Brunt of an Economic Downturn

Significant Financial Implications for the Future

- ❑ The current economic situation does not bode well for most workers, however the challenges are even more significant for those without high school diplomas or any form of post-secondary education
- ❑ According to economists, a jobless recovery is disastrous for less educated low-income workers:
 - The expected unemployment rate of workers without a high school diploma is 15%, and over the past decade the unemployment rate for this group has not been below 6%
 - The expected unemployment rate for those with only a high school degree is 10.9% - more than double the 4.7% rate for workers with a bachelor's degree or more
- ❑ Some argue that the increasing ranks of unemployed and underemployed workers with less than a college degree are themselves slowing the recovery
- ❑ While there is slow jobs creation, most of these positions require some form of postsecondary education
 - Business leaders, think tanks, government agencies, and other blue chip institutions have worried about the economic impact of too many poorly educated Americans
 - There is an unfortunate vicious cycle: business looks for educated workers; job openings remain open due to limitations of an educated workforce; incomes stay low; unemployment remains high; recovery is continually slowed

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These Results Not Only Have Academic Implications But Also a Dramatic Economic Impact

A Limited Future for Students and Our State

- ❑ The swelling ranks of unemployed young people who have dropped out of school and are unable to find work -- thought to be 2 million or more in Illinois alone -- pose a threat to the economic productivity of the state
 - According to the Center for Labor Market Studies each Illinois dropout costs taxpayers \$221,000 over the course of his lifetime
 - A young man who fails to earn a high school degree will, throughout his life, have a similar chance of doing prison time as he will of ever holding down a regular job that pays \$30,000 a year
 - The disparity in graduation rates in Illinois, in other words, is not just a matter of statistics-- it has a sizeable human impact
- ❑ The workforce of tomorrow will consist largely of today's young black and brown people, and poor education will likely confine these bright but untrained youngsters to a life of low-wage work
 - In today's dollars, the average worker with no high school diploma will earn about \$8 per hour -- that's just \$320 per week.
 - While college grads will earn about \$25 per hour, or \$1000 per week

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Improving the Future for Our Students Will Also Result in a More Economically Viable Illinois

Substantive Financial Implications and Benefits for the Future

- ❑ According to the Alliance for Excellent Education, lowering the high school dropout rate will greatly increase the economic vitality for some of the nation's largest metropolitan areas
- ❑ In the Chicago metropolitan area (including surrounding suburbs), an estimated 32,100 students dropped out from the Class of 2008 at great cost not only to themselves but also to their communities
 - Reducing that number of dropouts by 50 percent for this single high school class would result in tremendous economic benefits to the local economy;
 - Likely contributions that these 16,100 "new graduates" would make to their regional economy:
 - Earn as much as **\$211 million in combined earnings in the average year** compared to their likely earnings without a diploma
 - Allow new graduates to spend an additional **\$147 million and invest an additional \$57 million during the average year**
- ❑ Across the state of Illinois the economic impact is even greater -- **by decreasing the total numbers of male dropouts by just 5% nearly \$400 million annually** will be added to the state's GDP, in addition to growing the tax base
- ❑ In the present era of economic contraction, outsourcing of jobs, and heightened international competition, smart and fair education investment will pay the social and economic dividends we need to raise our productivity to climb out of our fiscal hole

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Despite the Current Financial Crises Education Financial Reform Must be Addressed

Education Reform and Progress is Occurring

- The immediate future in the local Chicago community looks threatening:
 - The Chicago Public Schools, the state's largest school system, now faces a budget crisis of unprecedented severity
 - This budget crisis has triggered layoffs of teachers and other staff, necessitated increases in classroom sizes, delayed crucial facilities maintenance, and created a sinking, "Titanic-like" atmosphere inside CPS' Clark Street headquarters
- However, educational progress and reform need not be costly and is being done
 - The Schott report notes that the city of Newark, New Jersey had the best performance nationally in districts with enrollments of 10,000 or Black male students
 - This result can be attributed to increased funding parity under the "Abbott" school equity lawsuit that enabled these low-performing districts to acquire better teaching and better equipment
 - The lesson of "Abbott" and one that has relevance to Chicago is that we can bring up the bottom without bringing down the top

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The League's Strategies for Addressing Education Academic and Financial Reform

Continued Commitment to Fighting for Change

- Last spring, the Chicago Urban League published a policy statement we call the *Opportunity Compact: Education*, a blueprint that proposes inexpensive but effective strategies to address some of the problems besetting Illinois public schools
- Although the *Compact* recommends that these strategies be implemented in conjunction with fundamental changes in the state's education funding system, the policies are also appropriate in this time of austerity -- delivering lots of bang for the educational buck
- The Chicago Urban League recommends the following critical policy areas be addressed:
 - Promote and expand early childhood programs to bring in larger numbers of Latino and African Americans
 - Build closer partnerships between schools and communities
 - Raise standards and expectations among parents, students and schools
 - Overhaul the broken teacher tenure and evaluation process and reward high performing teachers for working in low-performing school, and
 - Close or turnaround chronically low-performing schools

This fall, as the Chicago Urban League, other plaintiffs, and our pro bono counsel Jenner & Block, continue to fight in court, we wish to remind Illinoisans that educational funding reform must remain a priority. It doesn't have to be costly – just fair.

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