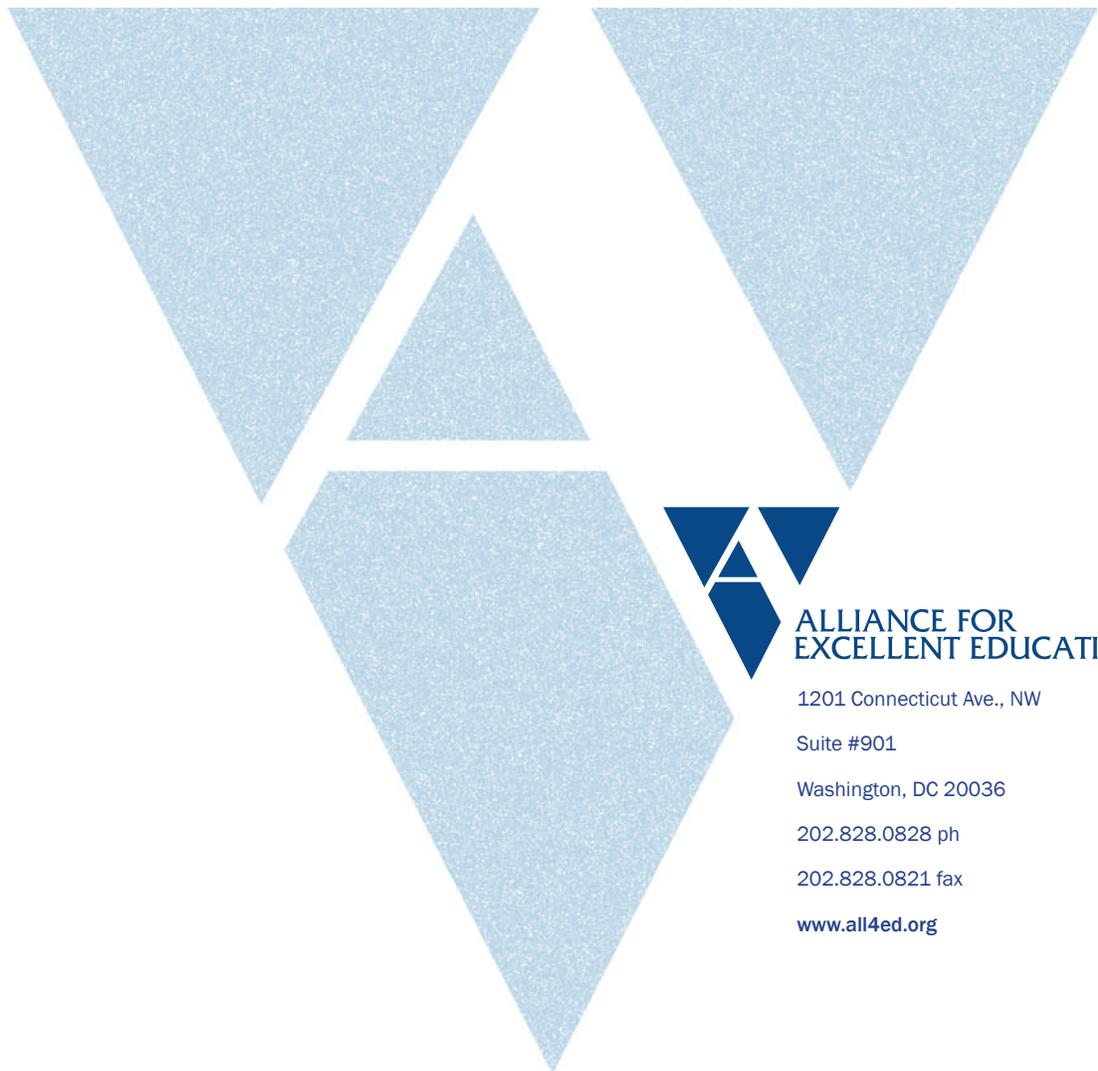




# INSEPARABLE IMPERATIVES: EQUITY IN EDUCATION AND THE FUTURE OF THE AMERICAN ECONOMY

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# INSEPARABLE IMPERATIVES: EQUITY IN EDUCATION AND THE FUTURE OF THE AMERICAN ECONOMY

For most of the last sixty years, the United States has labored to provide a quality education to *all* children, regardless of their skin color or socioeconomic status. This struggle for equity in education has seldom been linked to America's position as the world's economic powerhouse and leading producer of college-educated individuals.

Historically, the country's moral failure to provide all children with an adequate and equal education did not incur a noticeable economic cost. This is no longer the case. Today, this moral imperative—to equitably provide all students with a quality education—is now a critical factor in maintaining the United States's national economic strength.

**America cannot afford to ignore the gaps in educational achievement and high school graduation rates. Failing to close these gaps, especially given the nation's changing demographics, will have dire consequences for the American economy.**

The global economy demands knowledge and skills, and America cannot afford to ignore the gaps in educational achievement and disparate high school graduation rates that keep it from producing a workforce that possesses both. Failing to close these gaps, especially given the nation's changing demographics, will have dire consequences for the American economy. With two-thirds of the U.S. economy driven by consumer spending, it is only by increasing the financial resources of large portions of the population—specifically among rapidly growing communities of color—that the national economy will reap huge benefits. Increasingly, these consumers and workers will be citizens of color as the United States experiences sweeping demographic changes.

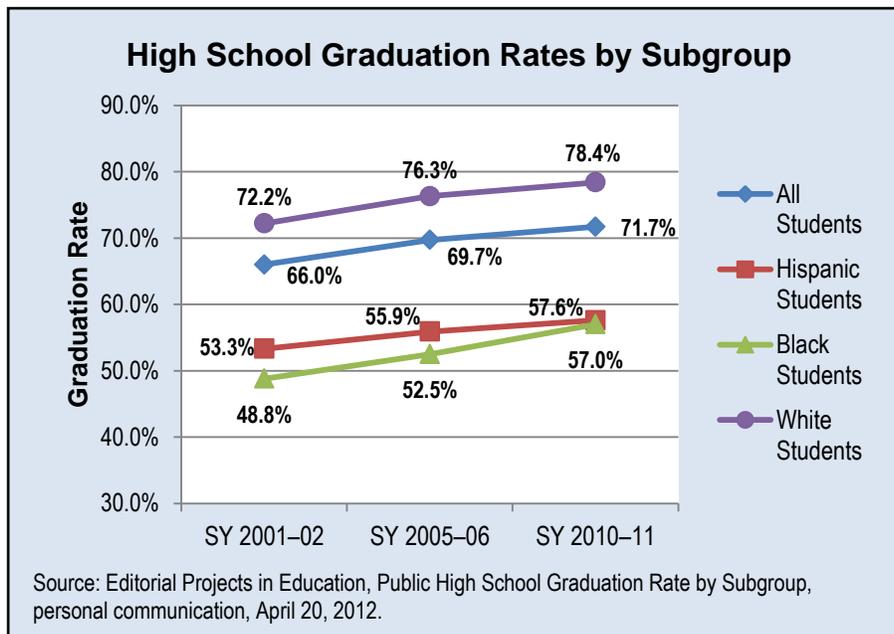
U.S. policymakers searching for a formula to rebuild the economy must include equity in their equation. This equation has only one conclusion: in an information-age economy dependent upon consumer activity, any successful economic strategy must eliminate the gaps in education attainment and achievement and enable the fastest-growing populations to reach their full potential as wage earners, consumers, and citizens.

## THE BENEFITS OF EDUCATION TO THE INDIVIDUAL

Indisputably, attaining higher levels of education offers economic benefits to the individual. For example, in 2010, a high school dropout at the peak of his career earned an average of only \$19,000 per year, while their high-school-graduate peers earned an average of \$28,000 per year and their peers with a bachelor’s degree or higher earned an average of \$52,000 per year.<sup>1</sup> To put this into perspective, on average, dropouts earned about \$9 an hour compared to high school graduates and those with bachelor’s degrees, who earned \$13 and \$25 an hour, respectively.<sup>2</sup> However, earning \$9 an hour is far from assured because high school dropouts are much more likely to be unemployed. In 2010, high school dropouts posted an unemployment rate of nearly 15 percent, which was 5 percentage points higher than that of high school graduates and almost 10 points higher than those with a bachelor’s degree.<sup>3</sup>

Imagine supporting a family on \$9 an hour. Paying for groceries, clothing, and other staples would be difficult. Making rent and car payments would be even more challenging. A down payment and a monthly home mortgage payment—the bedrock of family and community stability—would be completely out of reach. This would be a tough situation for any individual, and a disaster for any economy based on growing numbers of consumers living this reality. To be prosperous in this century, America must have more than a \$9-an-hour economy.

Moving large numbers of individuals up the income ladder is a key factor in ensuring the nation’s future economic well-being. Doing so, however, requires a narrowing of the persistent gaps in educational achievement and attainment among children of color and their white counterparts.



For too many decades, students of color have graduated from high school at much lower rates than their peers, which has led to comparably low employment rates and earnings. Nationally, 25 percent of all students do not graduate from high school on time. However, for students of color, this number is closer to 40 percent.<sup>4</sup>

Although high school graduation rates for students of color have risen

in recent years—resulting in a slight narrowing of the gap in graduation rates—as the minority populations continue to grow in the United States, eliminating the gap in high school graduation rates becomes imperative. If the American education system continues to underserve an increasingly large population of students of color, the gap in graduation rates will never close, and the national graduation rate will stagnate or decrease. The figure above shows gaps in high school graduation rates among black and Hispanic students and their white peers.

But even for those students who make it all the way to high school graduation, gaps in postsecondary education attainment remain. In 2011, 31 percent of whites age twenty-five and older held at least a bachelor's degree compared to just 20 percent and 14 percent of blacks and Hispanics, respectively.<sup>5</sup> These disparities are also seen in rates of unemployment, where, as of March 2012, unemployment rate for blacks was 14 percent, and the Hispanic unemployment rate was 10.3 percent, while the unemployment rate for whites was just 7.3 percent.<sup>6</sup>

**As more black and Hispanic students are failed by America's education system and drop out, they are also missing the opportunity to be full participants in society and the workforce. In turn, the nation's society and workforce become less productive than they could be, resulting in lost tax revenues.**

These differential rates of unemployment are both an economic issue and a civil rights issue; as more black and Hispanic students are failed by America's education system and drop out of school, they are also missing the opportunity to be full participants in society and the workforce. In turn, the nation's society and workforce become less productive than they could be, resulting in a loss of tax revenues.

## THE BENEFIT OF EDUCATION TO THE ECONOMY

In addition to the individual economic benefits gained from increased education attainment, individual outcomes multiply to generate enormous benefits to communities, states, and the nation. Recent research, made possible from the support of State Farm<sup>®</sup>, underscores these potential societal economic benefits. Analyses conducted by the Alliance for Excellent Education illustrate that increased education attainment rates actually increase economic growth. For example, if every state had reached the America's Promise Alliance's goal of graduating 90 percent of its students for just the Class of 2011, America would have more than 750,000 additional high school graduates.<sup>7</sup> These "new graduates"—many of whom would have likely pursued postsecondary education—would earn more during their lifetimes, and in turn, they would spend more with a high school diploma than without, thus driving America's economic productivity and growth.

These additional graduates from just one high school class would likely earn more than an additional \$9 billion each year compared to their earnings without a high school diploma.<sup>8</sup> With this additional income, these students would spend more money in their communities. This includes as much as \$22 billion more in home purchases by the midpoint of their careers and \$854 million more in vehicle purchases in an average year.<sup>9</sup> This increased economic activity would create a ripple effect throughout the entire community, supporting the creation of as many as 47,000 additional new jobs nationally and increasing the gross domestic product by as much as \$6.6 billion by the time these new graduates reach the midpoint of their careers.<sup>10</sup> Additionally, for legislatures struggling with budget deficits, graduating 90 percent of high school students from the Class of 2011 alone would potentially boost tax revenues by as much as \$2 billion in an average year combined across the federal, state, and local levels.<sup>11</sup>

Educational achievement benefits society and the economy in more ways than just tax revenues and consumer purchases. Noted economist Henry Levin of Columbia University and his colleagues document that by improving educational outcomes and preventing dropouts, the United States could save tens of billions of taxpayer dollars annually on social costs, such as health care, unemployment, and incarceration.<sup>12</sup> Additionally, as Anthony Carnevale and his colleagues at

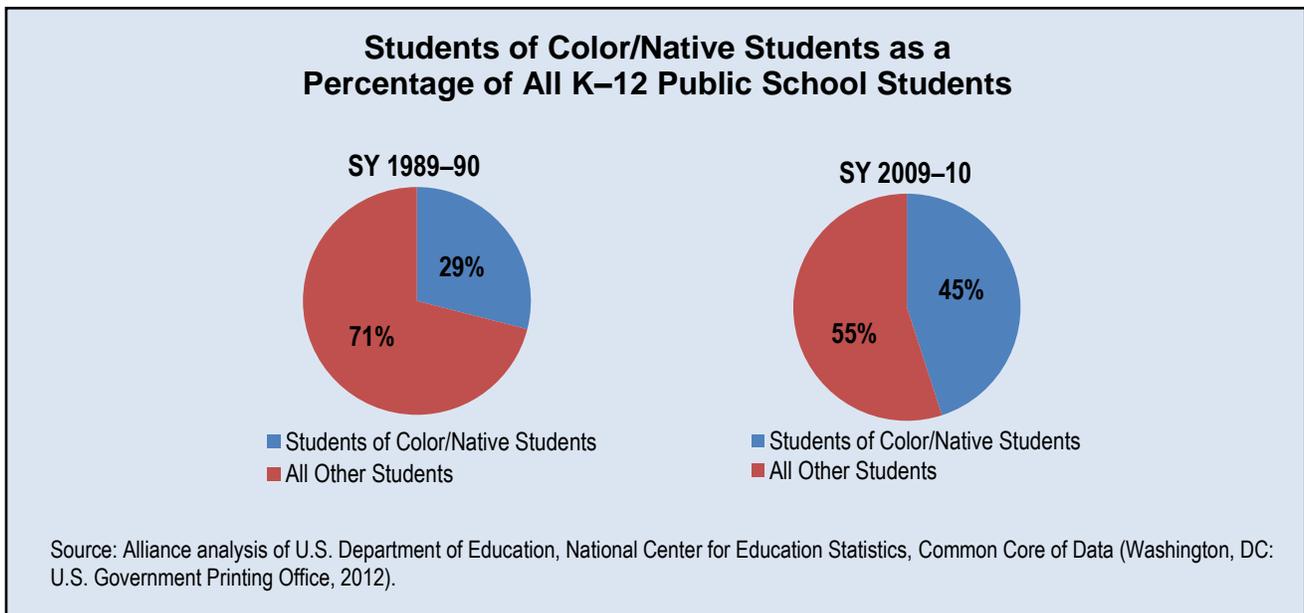
Georgetown University demonstrate, meeting future U.S. workforce needs requires increasing educational attainment rates; otherwise, millions of critical jobs will go unfilled.<sup>13</sup> Lastly, improving educational outcomes for students from traditionally underserved and underrepresented groups is a major factor in breaking the cycle of poverty and disenfranchisement. Low education levels are closely associated with increased rates of homelessness, teen pregnancy, and community violence. All of these reasons comprise strong moral *and* economic imperatives to ensuring that students of color and those from low-income families graduate from high school ready for college and a career.

## A FOCUS ON EDUCATION EQUITY TO SEIZE ECONOMIC POTENTIAL

These significant potential economic gains can only be realized through a commitment to closing the educational achievement and attainment gaps, and this approach will only become more critical as America’s communities of color continue to comprise increasingly larger proportions of the population.

America’s black and Hispanic populations have grown significantly over the last two decades. From 1990 to 2010, there was a 30 percent increase in the number of blacks and African Americans, who as of the most recent census, comprised 12.6 percent of the American population.<sup>14</sup> Growth in the Hispanic population was even larger over the same period, as evidenced by an explosive 125 percent increase. Further, the Hispanic population increased from 9 percent to 16.3 percent of the nation’s overall population.<sup>15</sup>

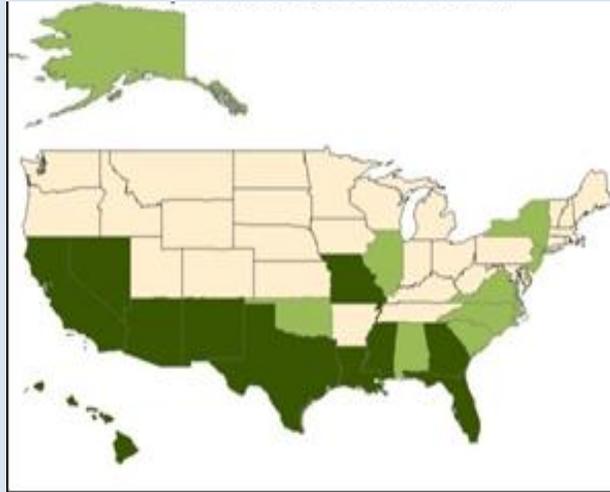
Predictably, as the black and Hispanic populations have increased, so have the number of students of color in American public schools. The image below shows the increase in the number of students of color and Native students in the last two decades. During School Year (SY) 1989–90, these students comprised 29 percent of the K–12 public school student population; by SY 2009–10, that figure had climbed to 45 percent.<sup>16</sup>



In some states, however, this trend is amplified. The image on the right shows that in SY 2009–10, students of color and Native students made up the majority of the student body in a dozen states.<sup>17</sup> Ten additional states are close behind, with these same students comprising between 40 and 50 percent of K–12 public school enrollment.<sup>18</sup>

Today’s students are quickly becoming tomorrow’s workforce and consumers. The number of students of color will only get larger; no longer can the nation morally or economically afford to ignore the outcomes of subgroups of students who are both graduating and reaching college and career readiness at lower rates than their white peers.

**In SY 2009–10, students of color and Native students made up 40 percent or more of K–12 enrollment in twenty-two states. Dark green: 50+ percent; light green: 40–50 percent.**



Source: Alliance analysis of U.S. Department of Education, National Center for Education Statistics, Common Core of Data (Washington, DC: U.S. Government Printing Office, 2012).

## EQUITY AND THE ECONOMY

In America—where the economy is two-thirds consumer driven—better-educated consumers make for a healthier and more robust economy. Stagnant gaps in education attainment and achievement among students of color and their peers are of significant economic and civil rights concern. If half of America’s students continue to be underserved by the education system, the United States’s economy cannot realize its full potential.

Increased education yields economic returns for both the individual and society. However, as demonstrated, educational achievement is not equitably distributed across all populations. Continuing separate discussions about problems and solutions to educational inequity and the economy are no longer tenable. Sweeping changes in America’s demographics and the economic reality have merged the moral imperative with the economic imperative; the focus must now be on equity *and* the economy. This joint imperative cannot and must not be ignored. Parents, community members, business leaders, and policymakers must understand that the nation can no longer afford—morally or economically—to be complacent about the gaps in achievement and high school graduation rates and the impacts they have on the country’s economic future.

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***This brief was prepared by Bill DeBaun, policy and advocacy assistant at the Alliance for Excellent Education.***

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**Growth in Students of Color and Native Students:  
K–12 Public School Enrollment from School Year (SY) 1989–90 to SY 2009–10**

State	SY 1989–90	SY 2009–10	Change in Percentage Points	State	SY 1989–90	SY 2009–10	Change in Percentage Points
Alaska	32%	41%	+9	Montana*	12%	17%	+5
Alabama	37%	41%	+4	North Carolina	33%	46%	+13
Arkansas	25%	34%	+9	North Dakota	8%	13%	+5
Arizona	39%	56%	+17	Nebraska	10%	26%	+16
California	53%	69%	+16	New Hampshire	3%	8%	+5
Colorado	24%	39%	+15	New Jersey	34%	46%	+12
Connecticut	24%	36%	+12	New Mexico	57%	73%	+16
District of Columbia	96%	93%	-3	Nevada	24%	58%	+34
Delaware	31%	48%	+17	New York	37%	48%	+11
Florida	37%	52%	+15	Ohio	17%	21%	+4
Georgia*	40%	52%	+12	Oklahoma	25%	44%	+19
Hawaii	77%	80%	+3	Oregon	11%	27%	+16
Iowa	5%	15%	+10	Pennsylvania	17%	26%	+9
Idaho**	14%	20%	+6	Rhode Island	15%	32%	+17
Illinois	34%	44%	+10	South Carolina	42%	46%	+4
Indiana	13%	21%	+8	South Dakota*	15%	19%	+4
Kansas	14%	27%	+13	Tennessee*	23%	32%	+9
Kentucky	10%	15%	+5	Texas	49%	67%	+18
Louisiana	47%	51%	+4	Utah	7%	19%	+12
Massachusetts	18%	29%	+11	Virginia*	32%	41%	+9
Maryland	38%	55%	+17	Vermont	2%	5%	+3
Maine*	2%	6%	+4	Washington	17%	33%	+16
Michigan	22%	28%	+6	Wisconsin	14%	24%	+10
Minnesota	9%	25%	+16	West Virginia	4%	7%	+3
Missouri*	17%	24%	+7	Wyoming*	11%	17%	+6
Mississippi	51%	53%	+2	United States	29%	45%	+16

Based on an Alliance analysis of U.S. Department of Education, National Center for Education Statistics, Common Core of Data (Washington, DC: U.S. Government Printing Office, 2012). Figures calculated by summing the number of nonwhite students in a state and dividing that number by the state’s total number of K–12 students for a given year.

\* Percentage-point difference calculated from SY 1993–94 to SY 2009–10

\*\* Percentage-point difference calculated from SY 2000–01 to SY 2009–10

**ENDNOTES**

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- <sup>1</sup> U.S. Bureau of Labor Statistics and U.S. Census Bureau, Current Population Survey, 2011 (Washington, DC: U.S. Department of Labor and U.S. Department of Commerce, 2011).
- <sup>2</sup> Alliance analysis of U.S. Bureau of Labor Statistics and U.S. Census Bureau, Current Population Survey, 2011.
- <sup>3</sup> Ibid.
- <sup>4</sup> Editorial Projects in Education, “Diplomas Count 2012: Trailing Behind, Moving Forward: Latino Students in U.S. Schools,” special issue, *Education Week* 31, no. 34 (2012).
- <sup>5</sup> Alliance calculations from U.S. Bureau of Labor Statistics and U.S. Census Bureau, Current Population Survey, 2011, “Educational Attainment in the United States: 2011–Detailed Tables,” <http://www.census.gov/hhes/socdemo/education/data/cps/2011/tables.html> (accessed April 18, 2012).
- <sup>6</sup> U.S. Bureau of Labor Statistics and U.S. Census Bureau, Current Population Survey, 2011.
- <sup>7</sup> R. Balfanz et al., *Building a Grad Nation: Progress and Challenge in Ending the High School Dropout Epidemic*, a report to AT&T and the Pearson Foundation (Washington, DC: Civic Enterprises, Everyone Graduates Center at Johns Hopkins University, America’s Promise Alliance, Alliance for Excellent Education, 2012).
- <sup>8</sup> Ibid.
- <sup>9</sup> Ibid.
- <sup>10</sup> Ibid.
- <sup>11</sup> Ibid.
- <sup>12</sup> H. Levin et al., *The Costs and Benefits of an Excellent Education for All of America’s Children*, a report to Columbia University (New York, NY: Center for Cost-Benefit Studies of Education, 2007), [http://www.cbcse.org/media/download\\_gallery/Leeds\\_Report\\_Final\\_Jan2007.pdf](http://www.cbcse.org/media/download_gallery/Leeds_Report_Final_Jan2007.pdf) (accessed July 19, 2012).
- <sup>13</sup> A. P. Carnevale, N. Smith, and J. Strohl, *Help Wanted: Projections of Jobs and Education Requirements Through 2018*, (Washington, DC: Georgetown University Center on Education and the Workforce, 2010), <http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/FullReport.pdf> (accessed August 14, 2012).
- <sup>14</sup> K. R. Humes, N. A. Jones, and R. R. Ramirez, *Overview of Race and Hispanic Origin: 2010* (Washington, DC: U.S. Department of Commerce, U.S. Census Bureau, 2010), <http://www.census.gov/prod/cen2010/briefs/c2010br-02.pdf> (accessed August 15, 2012); Alliance calculation from <http://www.census.gov//apsd/wepeople/we-2r.pdf> (accessed August 15, 2012) and <http://www.census.gov//apsd/wepeople/we-1.pdf> (accessed August 15, 2012).
- <sup>15</sup> Ibid.
- <sup>16</sup> Alliance analysis of National Center for Education Statistics, Common Core of Data, (Washington, DC: U.S. Department of Education, National Center for Education Statistics, 2012), <http://nces.ed.gov/ccd/index.asp> (accessed September 3, 2012).
- <sup>17</sup> Ibid.
- <sup>18</sup> Ibid.