

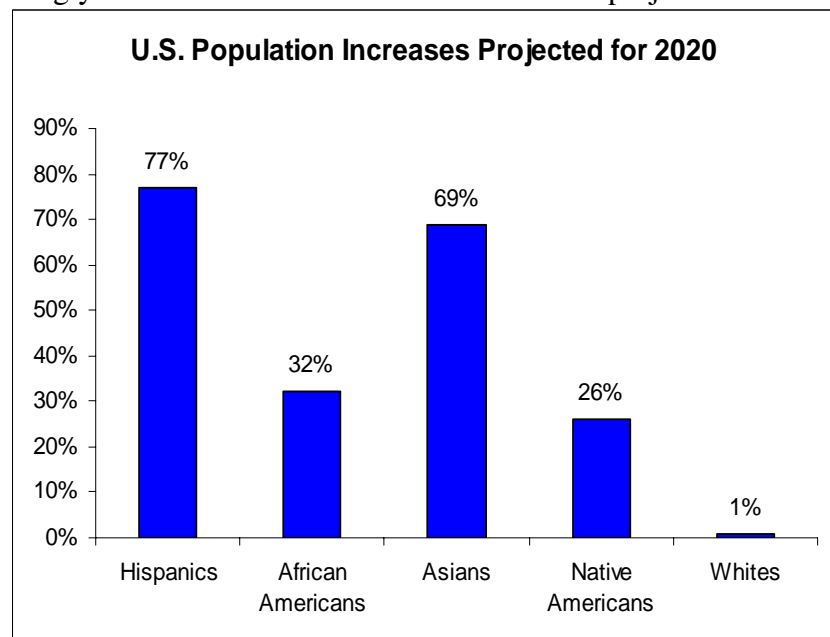
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Demography as Destiny: How America Can Build a Better Future

The education gap that exists between white and minority students in the United States is a byproduct of both economic disparity and inequity. Lack of resources and fewer qualified teachers are just two factors that contribute to the problem. Currently, only about 70 percent of all American high school students graduate in the expected four years, but the figures are even bleaker for minority populations. Only 52 percent of Hispanic, 56 percent of African-American, and 57 percent of Native-American students graduate on time, compared to 78 percent of white students (Greene & Winters, 2002, 2005). As minority populations become larger as a percentage of the population, and if their low graduation rates remain the same, the national graduation rate will soon begin to fall as a growing number of minority students are left behind. Because the country's economic strength is inextricably tied to the level of education of its citizens, American high schools must significantly increase the percentage of minority students who receive a high school diploma or risk weakening the nation's economic condition.

If the nation's high schools and colleges raise the graduation rates of Hispanic, African-American, and Native-American students to the levels of white students by 2020, the potential increase in personal income across the nation would add, conservatively, more than \$310 billion to the U.S. economy.

The United States is becoming increasingly more diverse. The U.S. Census Bureau projects a growth in the overall U.S. population from just over 282 million in 2000 to almost 336 million in 2020; the same projections show the minority population will grow at a considerably faster pace than the overall population (see chart to the right). By 2020, the adult population ages 25 to 64 will be 63 percent white, 17 percent Hispanic, 13 percent African American, 6 percent Asian, and around 1 percent Native American (U.S. Census Bureau, 2004). So, unless Hispanic, African-American, and Native-American students are better served by



schools to ensure increased graduation rates, the percentage of students attaining high school diplomas and college degrees will decrease.

Minority Students Poorly Served by Schools

African-American, Hispanic, and Native-American students are less well-served by the current American public education system than are their non-minority peers in many ways. For example:

- Schools that have a majority of minority students and serve high-poverty areas are five times more likely than other schools to have what Johns Hopkins University researchers describe as weak “promoting power.” Schools with weak promoting power promote 50 percent or fewer of their freshmen to senior status within four years (Balfanz & Legters, 2004).
- Schools that serve high concentrations of low-income students (who are often disproportionately minority) have three times as many uncertified or out-of-field teachers teaching English and science as do higher-income schools (U.S. Department of Education, 2004).
- Thirty-one states currently educate 60 percent of all minority children in the United States. In all of these states, school districts with the highest minority enrollments receive fewer resources than those with lower minority enrollments (Carey, 2004).

According to the U.S. Department of Labor, 80 percent of the fastest-growing jobs in the United States require at least some postsecondary education (Hecker, 2005), but a smaller starting pool of high school graduates means the percentage of minority students who go on to higher education is considerably lower than the percentage of white students who do so. In fact, just 11 percent of all college freshmen are African-American and 7 percent are Hispanic, although those populations make up 14 and 17 percent of the eighteen-year-old population, respectively (Greene & Forster, 2003). Furthermore, while the minority population enrolled in four-year colleges is disproportionately low, its completion rate is even lower. In 2005, just 40.5 percent of African-American students and 47 percent of Latino students enrolled in college graduated within six years, compared to 59.5 percent of white students (Carey, 2005).

Minority Population Growth: The Need for Increased Educational Attainment

Individuals’ potential contributions to the economy increase in accordance with their educational attainment. Therefore, for each student who does not graduate from high school, does not enter college, or does not complete college with a degree, the economy suffers. If the current graduation rate gap between white and minority students is eliminated, state and national economies will benefit significantly.

Patrick Kelly, a researcher at the National Center for Higher Education Management Systems, has found that because minority students graduate at such low rates from high school and therefore go on to each successive level of education in lower proportions, educational



attainment rates for the U.S. population can be expected to decrease as the minority population grows.

Looking at the decade from 1990 to 2000, Kelly found that gaps in educational attainment between white students and their Hispanic, African-American, and Native-American peers widened, especially among males. The percentage of male Hispanic adults ages 25 to 34 with an Associate's degree or higher, for example, declined by 1.8 percentage points during the 1990s (Kelly, 2005).

If past trends are accurate predictors of future reality, Kelly estimates that the percentage of adults ages 25 to 64 with a high school diploma or higher will decrease by 2.5 percentage points from its current level by 2020. If, on the other hand, minority graduation rates can be brought in line with those of white students by 2020, he projects the educational attainment of the overall population will increase.

Higher Educational Attainment Equals Greater Earnings

Educational attainment can influence economic growth in a variety of ways; most obvious is its direct correlation to earnings potential. Adjusting for inflation, annual average earnings for high school dropouts have remained (in 2001 dollars) at about \$20,000 since 1975. Earnings for those with just a high school diploma have hovered around \$25,000. Yet, for those with a bachelor's degree, earnings have increased from around \$40,000 to over \$50,000, and increased from roughly \$55,000 to nearly \$75,000 for those with either a graduate or professional degree (Kelly, 2005).

These numbers show the potential benefits of increasing educational attainment in the United States. If current educational disparities continue and Census population projections are correct, the U.S. population in 2020 will include seven million more adults who have not completed high school than it does today. However, if the U.S. education system raises minority high school graduation rates to the current level of white students, and if these new graduates go on to postsecondary education at similar rates, these young adults will not only have become better educated, but will also be earning at higher levels. As a result, the states in which they live, as well as the nation as a whole, will be the economic beneficiaries.

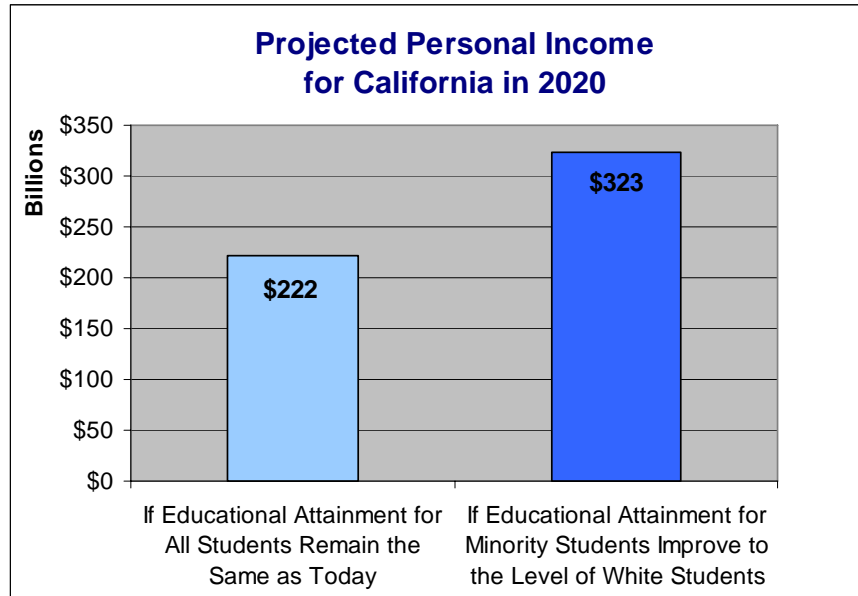
Additional analysis conducted by Patrick Kelly for the Alliance for Excellent Education paints a dramatic picture of these potential benefits. Using Census projections of the demographic composition (i.e., age, race, and ethnicity) for each state in 2020, Kelly and the Alliance calculated the potential earnings in each state if minority groups were graduating from high school and going on to postsecondary education at the same rates as whites are now. The state-specific findings are presented in the chart on page 6.

Results vary significantly by state because the Census Bureau anticipates dramatically different demographic patterns across the nation. For example, if high school graduation and college completion rates in California—a large state with an increasing Hispanic population—remain stagnant, 479,806 of the state's Hispanic residents between the ages of 25 and 64 will hold a



Bachelor's degree in 2020; however, if rates can be brought to parity with those of whites, 2,034,047 Hispanic adults in the state will possess this credential in 2020.

Thus, if California can significantly improve graduation rates, and if its population profile in 2020 matches Census projections, the state stands to gain a staggering, additional \$101,596,190,713 in earnings and productivity (see chart above).



Conservative Projections

However, the most recent Census projections available for all 50 states were issued in 1990, and are likely to be wrong. Current population counts already provide evidence that in some states the projections significantly underestimated the growth of some groups, especially Hispanics. North Carolina, for example, currently has nearly 196,000 more Hispanic adult residents than the 1990 Census data predicted. California already has 320,000 more Hispanic adults (U.S. Census Bureau 2000, 2004). If this level of growth among these groups continues, the implications of current achievement gaps—and the potential benefits of closing them—will be far greater than the projections presented in this brief. Even without this projected growth, totals for each state add up to big gains for the nation as a whole.

Additionally, minority groups in the United States typically earn less than their non-minority peers, even when their educational levels are the same. Projected income levels in this analysis are based on the assumption that these income disparities will be unchanged by 2020, but if minority earnings were equal to those of whites at the same education levels, the projected gains would be higher.

Therefore, the estimated gains in income that would be recognized by states and the nation that are projected in this brief are very conservative.

The High School Diploma: The Key to the Future

The educational attainment levels of a country provide a way to gauge the value of its human capital, an important economic resource the United States cannot afford to squander in this age of increasing globalization. The United States currently ranks eleventh among developed nations in the percentage of younger citizens possessing high school degrees (Organisation for Economic



Co-Operation and Development, 2006). If attainment levels for minority students decline as projected, the country's economic standing—already challenged by China, India, and other countries—will fall as well. Increasing graduation rates for these young people is a key to reversing this trend.

Every year, more than one million students in this country drop out of high school without a diploma and unprepared for work or postsecondary education. The nation cannot afford to allow this trend to continue. The opportunities these young people will miss throughout their lives will have cumulative costs for them as individuals, and also represent a significant lost opportunity for the country.

There is a general understanding of the importance of closing the nation's educational achievement gap, but less recognized is the fact that the segment of the population that is the least well-educated is also the fastest growing. Unaddressed, this circumstance alone will mean significant reductions in the knowledge and skill levels of the U.S. workforce. It will also mean dramatically lower levels of personal income, leading to a reduced tax base for the nation and the states. The stunning potential economic benefit to the nation and the states of turning life around for underserved youth through improved schooling should be a wake-up call about the importance of reforming America's high schools now, because the nation truly needs the economic and social contributions these young people can make.

**For more information about the state of America's high schools
and to find out what individuals and organizations can do
to support effective reform at the local, state, and federal levels,
visit the Alliance for Excellent Education's website at www.all4ed.org.**

MetLife Foundation

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Additional Personal Income if the Educational Attainment of African-Americans, Hispanics, and Native Americans Increases to that of White Students by 2020¹

State	Additional Personal Income per Capita	Additional Total Personal Income
Alabama	\$3,889	\$2,134,381,638
Alaska	\$1,484	\$423,110,051
Arizona	\$3,344	\$8,644,461,855
Arkansas	\$3,998	\$785,327,918
California	\$1,170	\$101,596,190,713
Colorado	\$3,551	\$5,188,606,198
Connecticut	\$3,950	\$4,315,606,958
Delaware	\$4,837	\$634,377,557
District of Columbia	\$3,764	\$5,317,490,364
Florida	\$3,965	\$14,663,755,737
Georgia	\$3,900	\$7,930,898,877
Hawaii	\$2,547	\$352,192,818
Idaho	\$3,846	\$408,174,768
Illinois	\$3,516	\$13,510,622,460
Indiana	\$4,077	\$1,131,689,298
Iowa	\$3,821	\$336,225,259
Kansas	\$3,786	\$1,172,833,406
Kentucky	\$3,996	\$291,008,831
Louisiana	\$2,873	\$3,124,440,244
Maine	\$4,316	\$40,637,361
Maryland	\$4,144	\$5,970,754,071
Massachusetts	\$3,337	\$3,504,068,718
Michigan	\$4,186	\$3,772,426,427
Minnesota	\$4,238	\$1,307,836,248
Mississippi	\$3,575	\$1,548,876,962
Missouri	\$4,067	\$1,263,941,997
Montana	\$3,486	\$102,579,907
Nebraska	\$3,689	\$521,398,644
Nevada	\$4,205	\$2,187,182,198
New Hampshire	\$5,094	\$51,425,275
New Jersey	\$3,607	\$11,287,048,818
New Mexico	\$2,924	\$4,928,408,709
New York	\$2,818	\$24,325,608,943
North Carolina	\$4,222	\$5,031,639,236
North Dakota	\$3,237	\$62,014,474
Ohio	\$4,000	\$2,610,266,730
Oklahoma	\$3,242	\$1,007,735,288
Oregon	\$3,732	\$1,559,595,961
Pennsylvania	\$3,765	\$4,033,303,789
Rhode Island	\$2,925	\$494,298,457
South Carolina	\$4,039	\$2,671,651,061
South Dakota	\$3,669	\$125,990,765
Tennessee	\$4,044	\$1,493,793,808
Texas	\$2,412	\$46,517,384,141
Utah	\$4,277	\$780,727,335
Vermont	\$4,640	Not Applicable
Virginia	\$4,395	\$6,517,547,903
Washington	\$4,069	\$3,110,256,023
West Virginia	\$3,737	\$12,419,546
Wisconsin	\$4,054	\$1,569,711,086
Wyoming	\$3,467	\$105,591,901
United States		\$310,477,516,732



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¹ The Alliance for Excellent Education's calculation used figures from Kelly (2005) showing the net percentage increase in the proportion of the population reaching each level of educational attainment by 2020, based on if minority graduation rates were equal with those for white students compared to if educational attainment rates by ethnicity remain at current levels. Using Census population projections and earning estimates based on levels of education attainment, the Alliance determined the difference in potential gains in earnings. Increased earnings were calculated using 2004 Census figures, which find that a dropout will earn \$9,114 less than a diploma/GED recipient, \$14,062 less than an individual with some college, \$15,953 less than individual with an Associate's degree, \$23,238 less than an individual a Bachelor's degree, and \$55,953 less than an individual with a graduate or professional degree.

