

Education and Local Economic Development: Why Skills Matter, How We're Doing, and Leverage Points for Change

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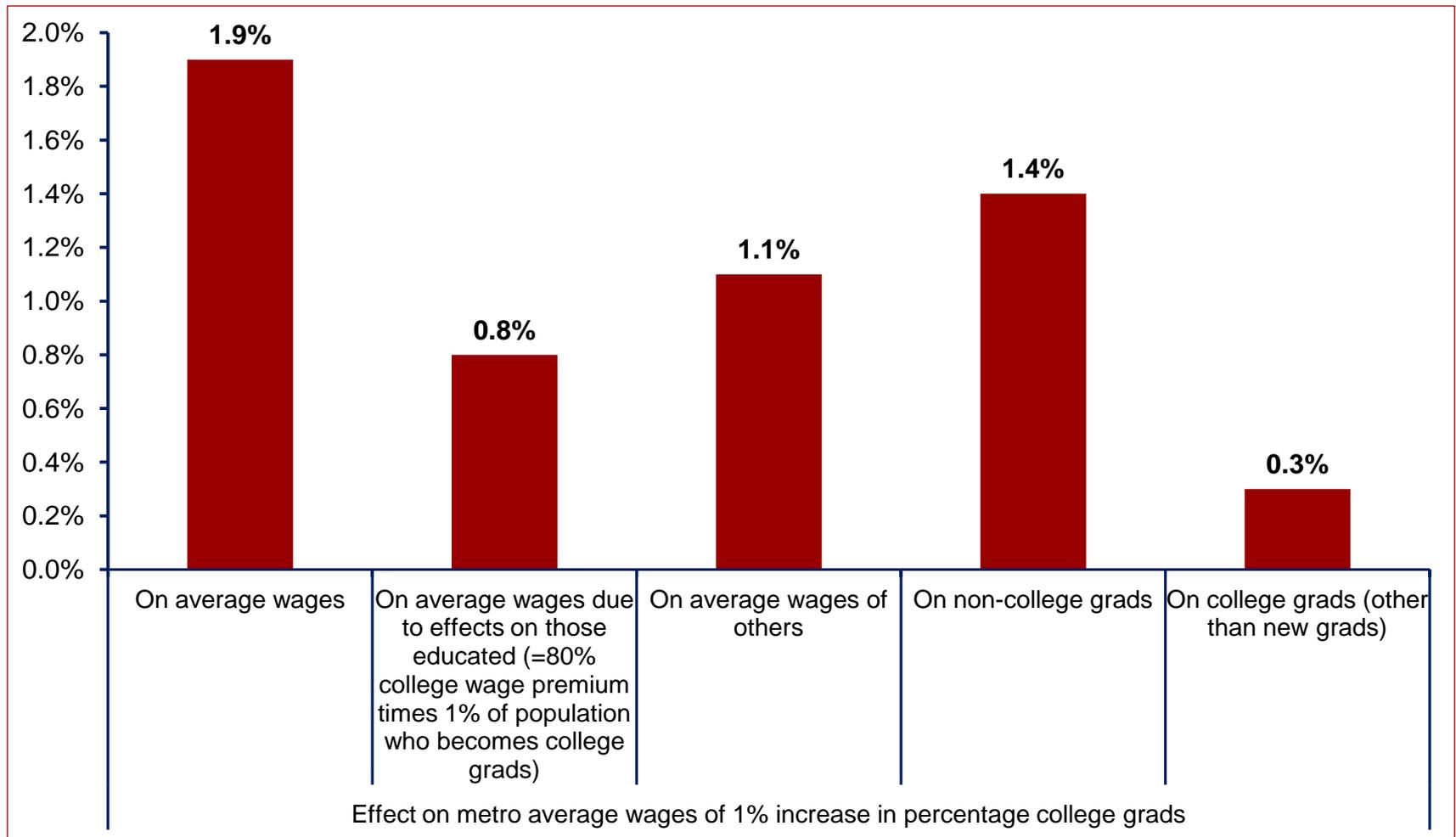
June 13, 2012

Presentation to “United for Change 2012”

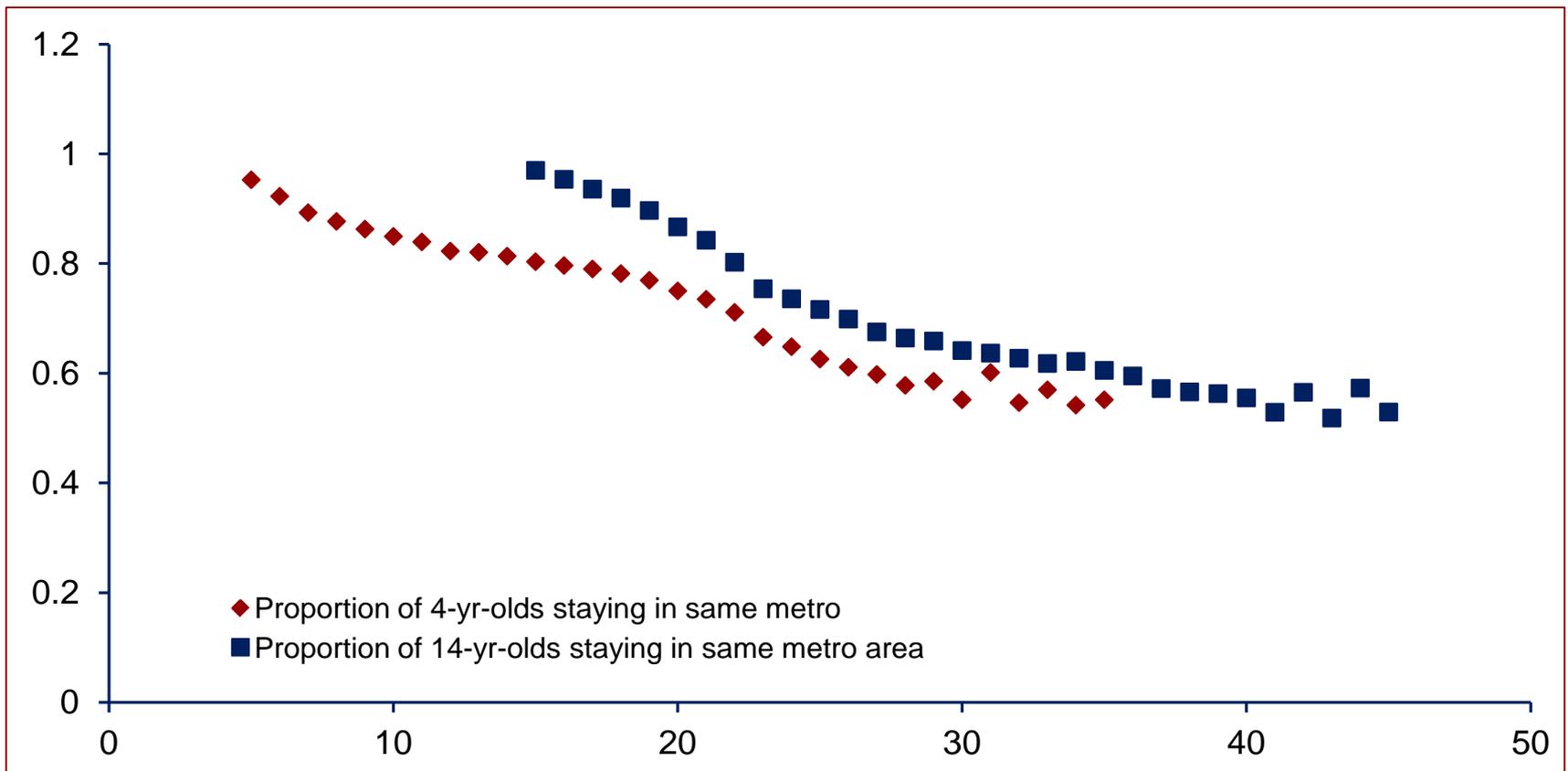
Eaton Corp., Galesburg, MI

Meeting co-sponsored by Greater Kalamazoo United Way, United Way of Battle Creek, Eaton Corporation, Stryker Corporation, and Southwest Michigan First.

Skill Increases Have Large Local Spillover Benefits



Proportion of 4-year-olds and 14-year-olds staying in same metro area, PSID data

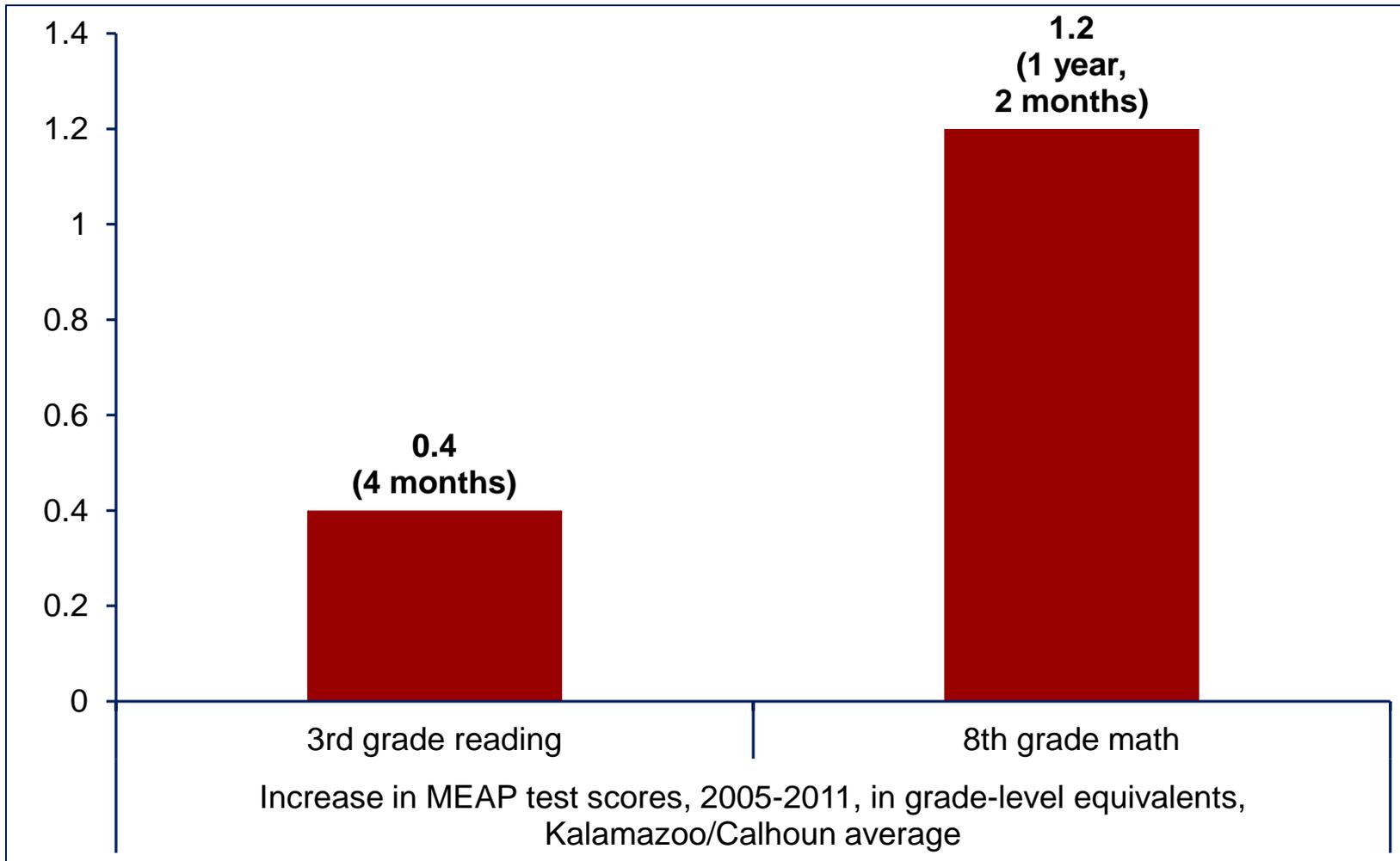


Other data suggests staying proportion fairly constant from ages 30-35 to age 65.

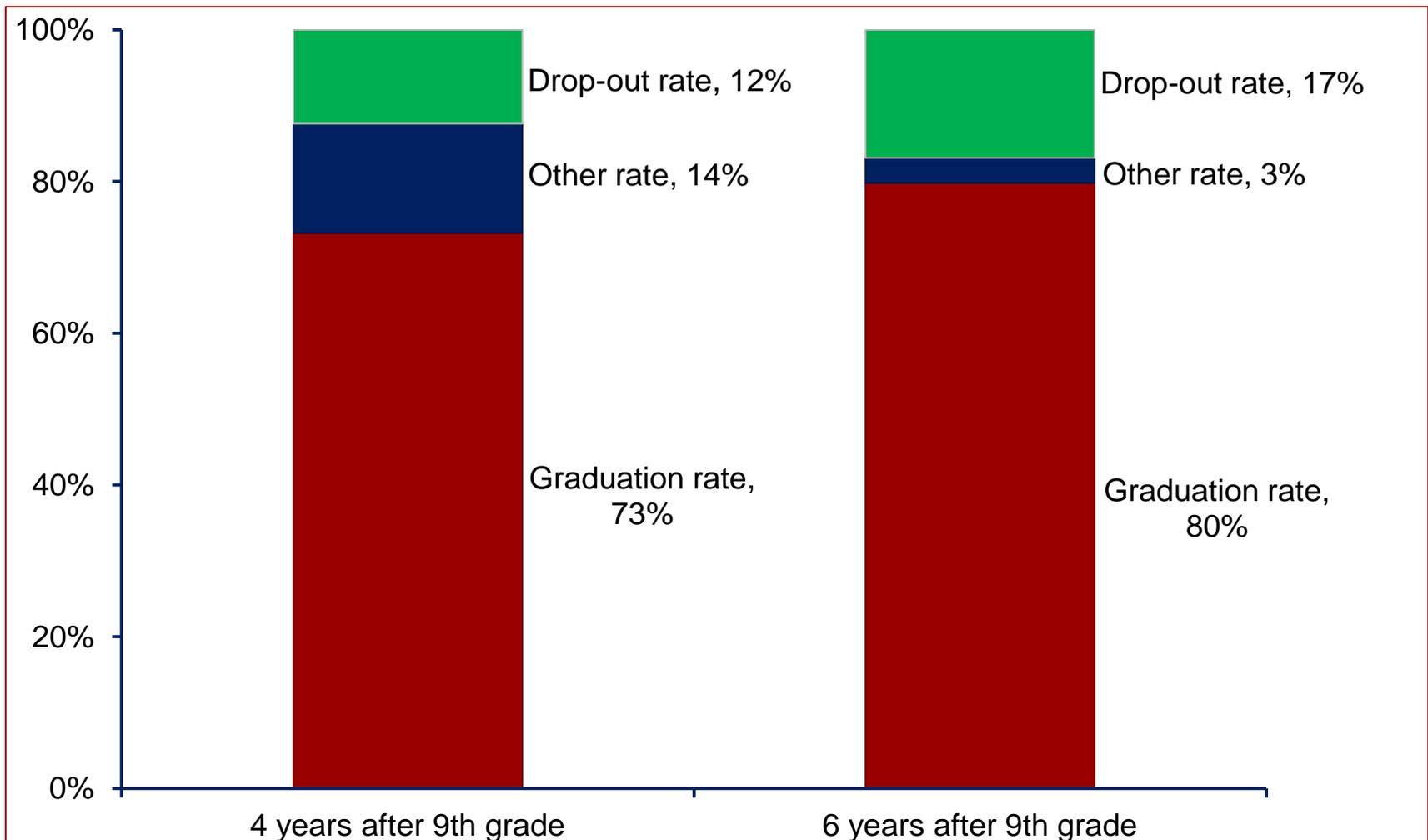
Long-run and short-run effects of skills on economic growth

- 10 percentage point increase in college grads in a metro area increases 10-year employment growth by 5%
- Increase in 3rd grade test scores by one-half grade level increases local property values by 5%, which is equivalent to effects of 10% increase in metro population

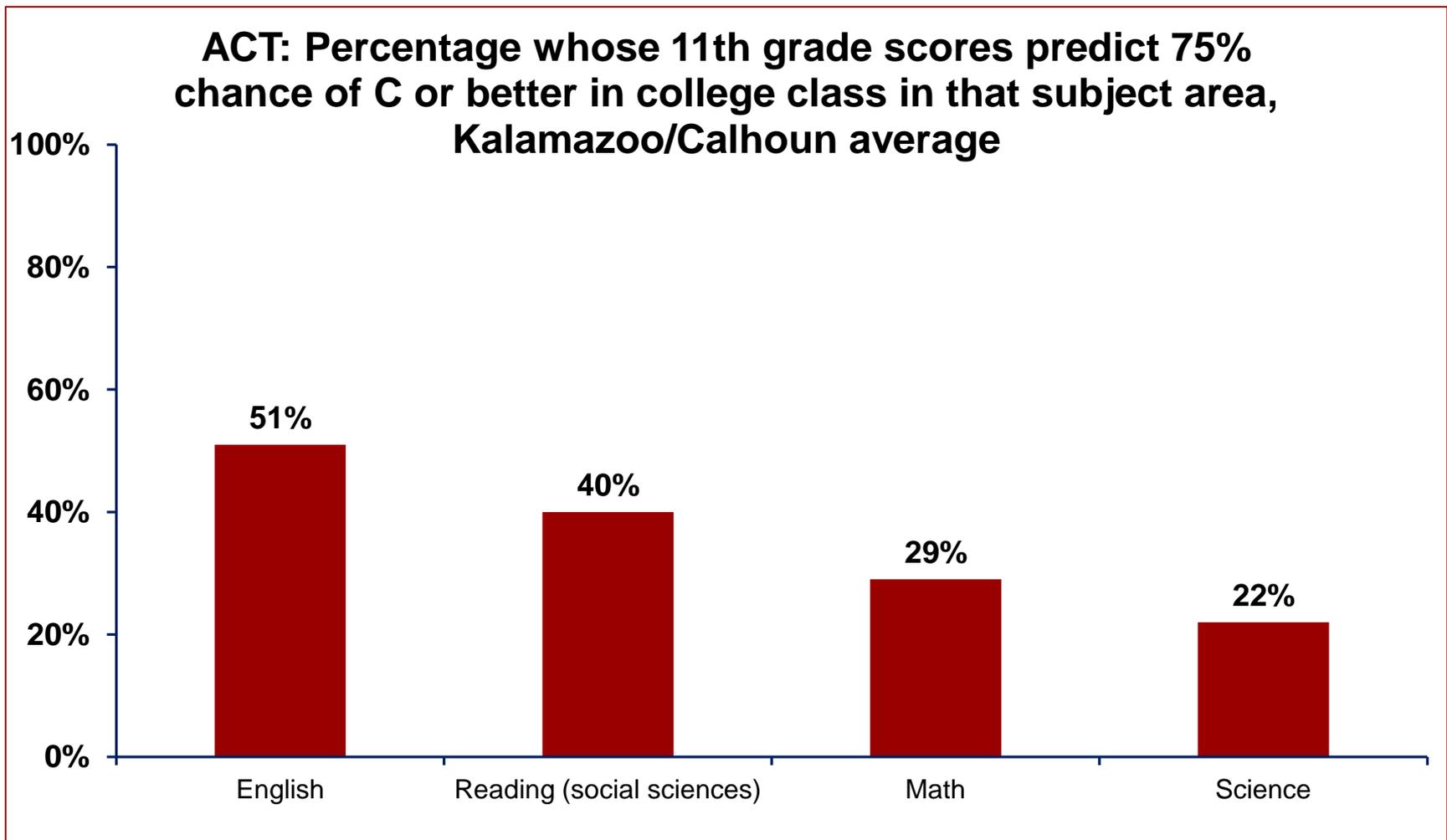
How are we doing on skills? MEAP test scores up moderately over last 6 years



How are we doing? High school graduation rates stagnant and disappointing



How are we doing? Graduates' skills are stagnant and disappointing



What reforms have high leverage? Extra early learning time

Half-day pre-K for one school year:

- Increases test scores at kindergarten entrance by 10 percentiles
- Lowers special ed. assignment rates by 40%
- Reduces high school dropout rates by 25%
- Reduces crime rates by 25%
- Increases adult earnings by 5 to 10%
- Increases present value of adult earnings by about 4 times costs

Mandatory summer school in early elementary grades:

- Students learn about twice as fast as average student pace
- Increases present value of future adult earnings by about 8 times costs

What has high leverage? More career-oriented education for high school students

High school career academies:

- Small learning communities with career focus, career orientation
- Increase present value of future earnings by 11 times costs

What can businesses do?

1. **Advocacy** for better public policy

- Michigan pre-K: 1/3rd less per cap. than national average
- No summer school funding from state
- CTE enrollment down

2. **Financial support**

- Scholarships for pre-K, summer school
- Support for career education

3. **Involvement with career/technical education**

- Help with curriculum, internships for teachers
- Job shadowing/internships for students
- Sites

4. **Volunteer resources**

- Allow/pay volunteers for pre-K, after school, and summer school support or tutoring; also for CTE