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The Labor Market, Economic, Social, and Fiscal Consequences of Dropping Out of High School: Findings for Connecticut Adults in the 21st Century

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The Economic, Social, Civic and Fiscal Consequences of Dropping Out of High School in Connecticut

- The labor market difficulties of teen and young adult (20-34 year old) dropouts in Connecticut; declining lifetime earnings and income prospects of 18-64 year old dropouts
- The labor market, economic, civic and social case for addressing high school dropout problems in Connecticut (a need for both prevention and recovery efforts)
- The key social consequences of dropping out of high school in Connecticut: declining marriage rates, increasing out-of-wedlock childbearing, high income inadequacy problems of children, lower rates of home ownership, less civic engagement and volunteering, poorer health, higher rates of incarceration in jails and prisons
- The fiscal consequences of dropping out of high school: lower tax payments at all levels of government, increased dependency on government for cash and in-kind transfers, a higher incarceration cost, a major net fiscal burden on rest of society



Employment/Population Ratios of U.S. Adults by Major Age Group, 2000-2009 (in %)

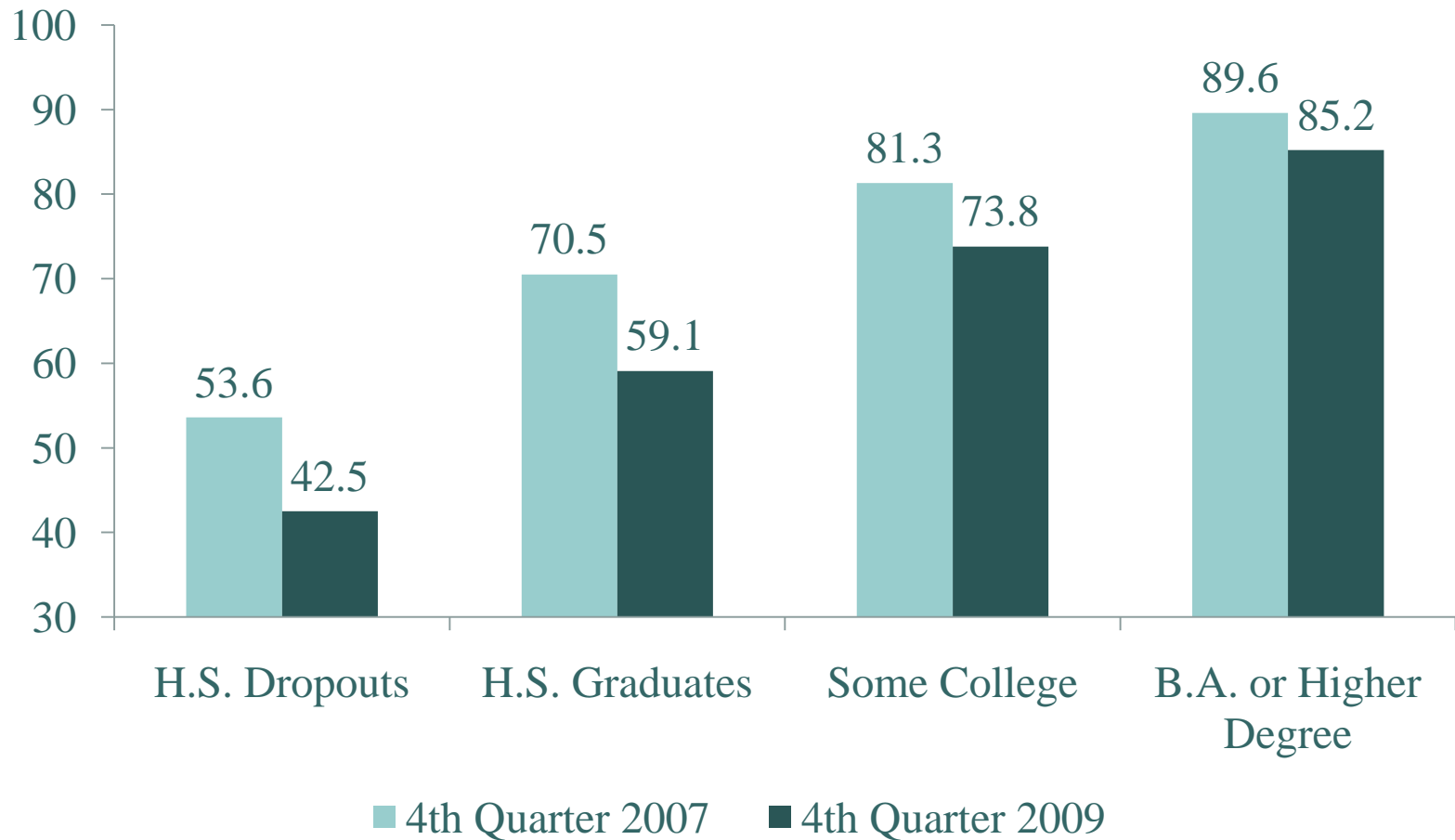
Age Group	(A)	(B)	(C)
	2000	2009	Percentage Point Change 2000 – 2009
All 16+	64.4	59.3	-5.1
16 – 19	45.2	28.4	-16.8
20 – 24	72.2	62.2	-10.0
25 – 29	81.0	73.4	-7.6
30 – 34	82.0	75.7	-6.3
35 – 44	82.2	77.0	-5.2
45 – 54	80.5	75.8	-4.7
55+	31.5	37.3	+5.8

Comparisons of the January-June 2000 and 2009
Employment/Population Ratios of Male Teens 16-19, 20-24,
and 25-34 Year Olds and the Ranking of their 2009 E/P Ratios
Over the 61 Year Period from 1948 – 2009 (Seasonally
Adjusted in Percent)

	(A)	(B)	(C)	(D)
Age Group	January – June 2000	January – June 2009	Percentage Point Change, 2000-2009	Rank of January – June 2009 E/P Ratio
16 – 19	46.1	28.2	-17.9	Lowest in 61 Years
20 – 24	76.8	65.1	-11.7	Lowest in 61 Years
25 – 34	90.5	81.0	-9.5	Lowest in 61 Years
25 – 29	88.8	77.8	-11.0	Lowest in 61 Years
30 – 34	91.3	82.9	-8.4	Lowest in 61 Years
55+	39.1	43.5	+4.4	Highest Since 1980

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Employment Rates of Non-Enrolled 16-24 Year Olds By Educational Attainment, 4th Quarter 2007 to 4th Quarter 2009, U.S.





Employment/Population Ratios of Connecticut Adults by Major Age Group, 2000-2009 (in %)

Age Group	(A)	(B)	(C)
	2000	2009	Percentage Point Change 2000 – 2009
All 16+	66.8	63.5	-3.3
16 – 19	48.5	33.7	-14.8
20 – 24 (not enrolled)	81.0	74.4	-6.6
25 – 29	82.9	77.6	-5.3
30 – 34	83.3	79.5	-3.8
35 – 44	84.0	80.9	-3.1
45 – 54	85.6	81.0	-4.6
55+	37.4	42.3	+4.9

Trends in the Employment/Population Ratios of 16-20 Year Olds in Connecticut by Educational Attainment/ School Enrollment Status, 2000 – 2009

Educational Group	(A) 2000	(B) 2008	(C) 2009 Jan. – Aug.	(D) Percentage Point Change, 2000 – 2009
High school student	39.7	28.2	23.9	-15.8
High school dropout	57.6	43.9	34.2	-23.5
College student	53.0	46.3	45.4	-7.6
Non-enrolled high school graduate	79.6	70.0	69.3	-10.3
All	50.8	41.4	39.8	-11.0

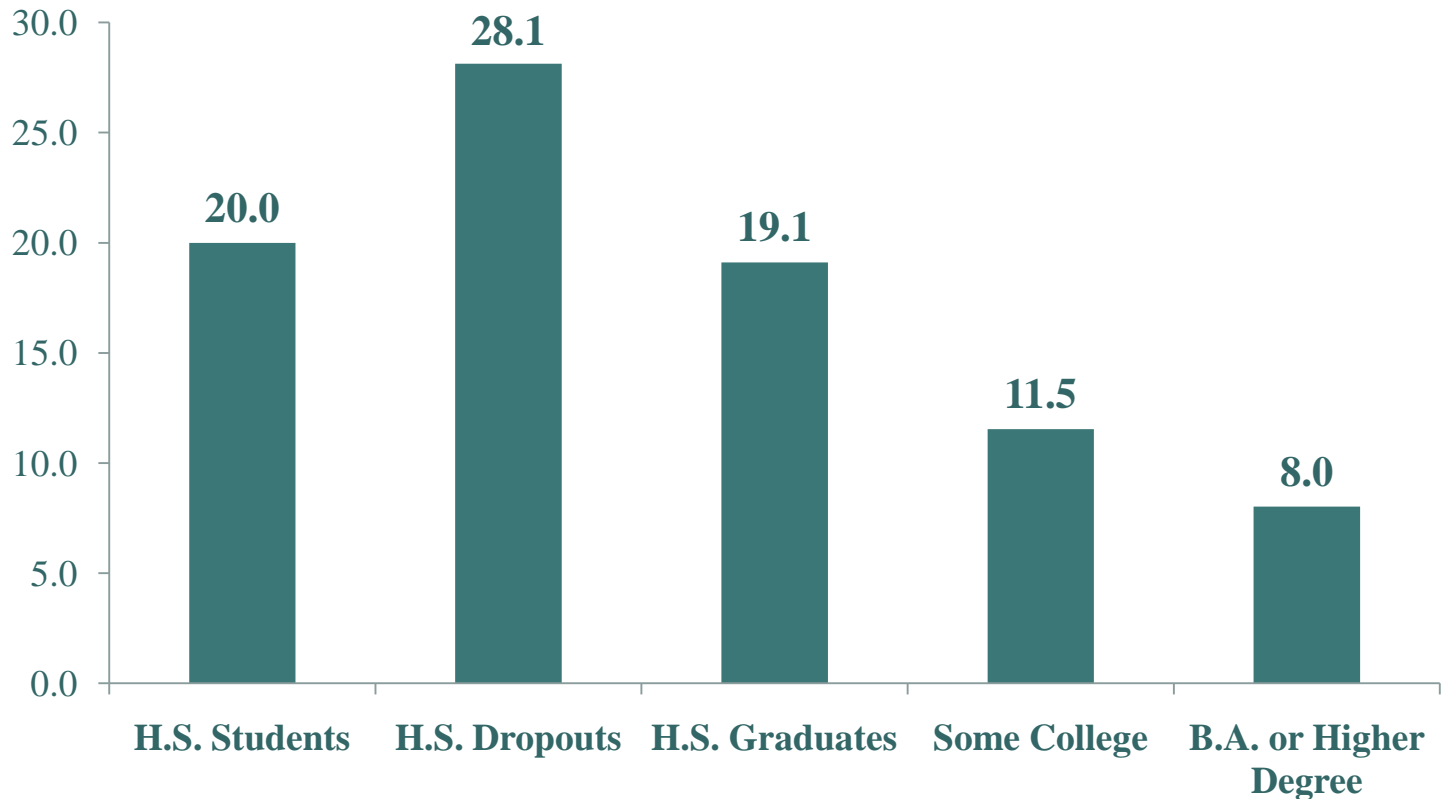


Trends in the Employment/Population Ratios of Out-of-School, 16-29 Year Olds in Connecticut, by Educational Attainment, Selected Years from 2000 to 2009 (in %)

	(A)	(B)	(C)	(D)
			2009	Percentage
			Jan. –	Point
Educational Attainment	2000	2008	Aug.	Change,
				2000 – 2009
High school dropout	66.5	54.3	48.4	-17.1
High school graduate	76.8	72.0	68.1	-8.7
13-15 years, including Associate degree	87.4	79.3	80.3	-7.1
Bachelor's degree	83.4	88.8	85.6	+2.3
Master's or higher degree	89.7	82.1	92.1	+2.4

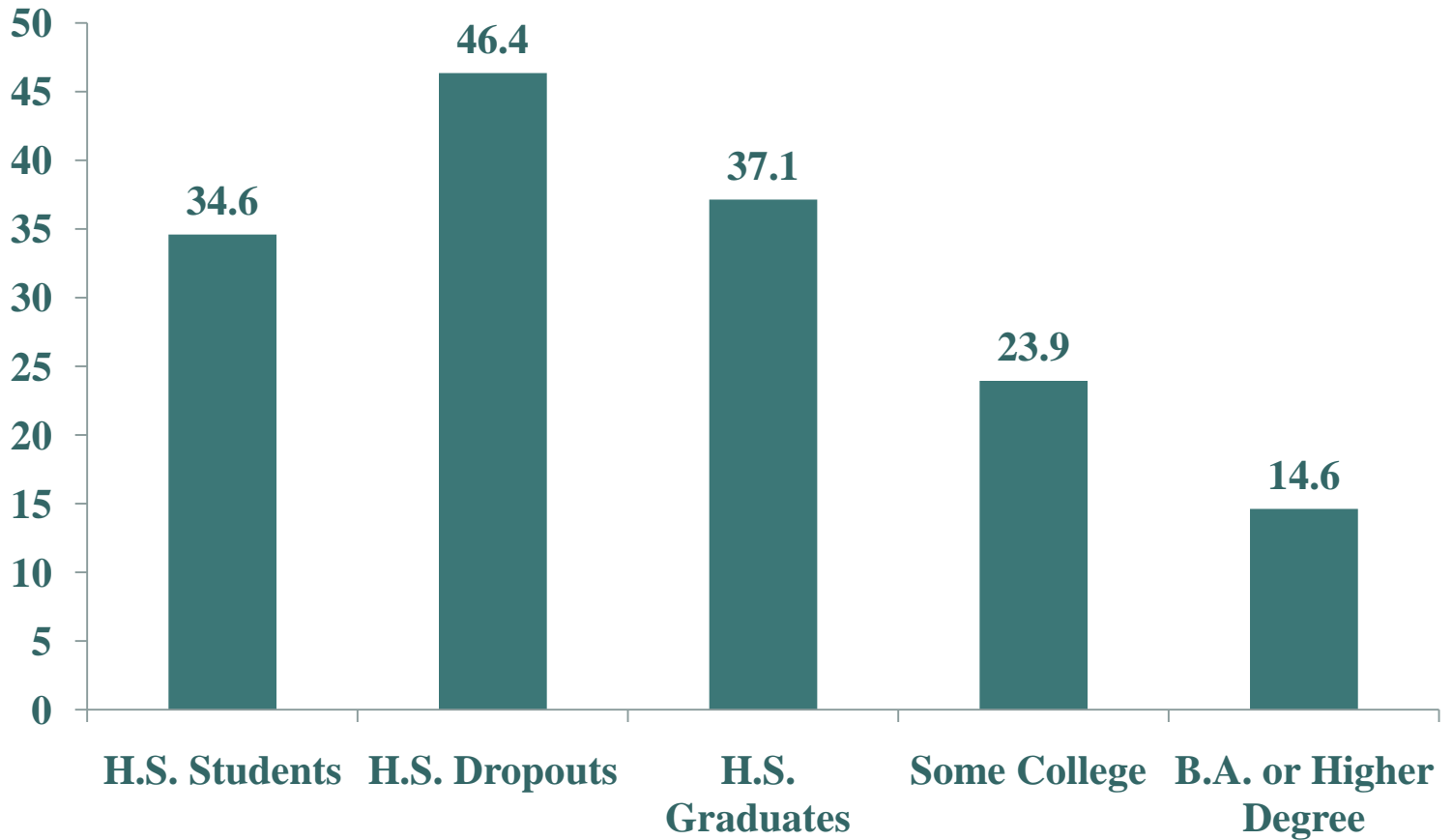
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Unemployment Rates of 16-24 Year Olds in Connecticut by Educational Attainment/School Enrollment Status, Both Genders Combined, 2008-2009 Averages (in %)



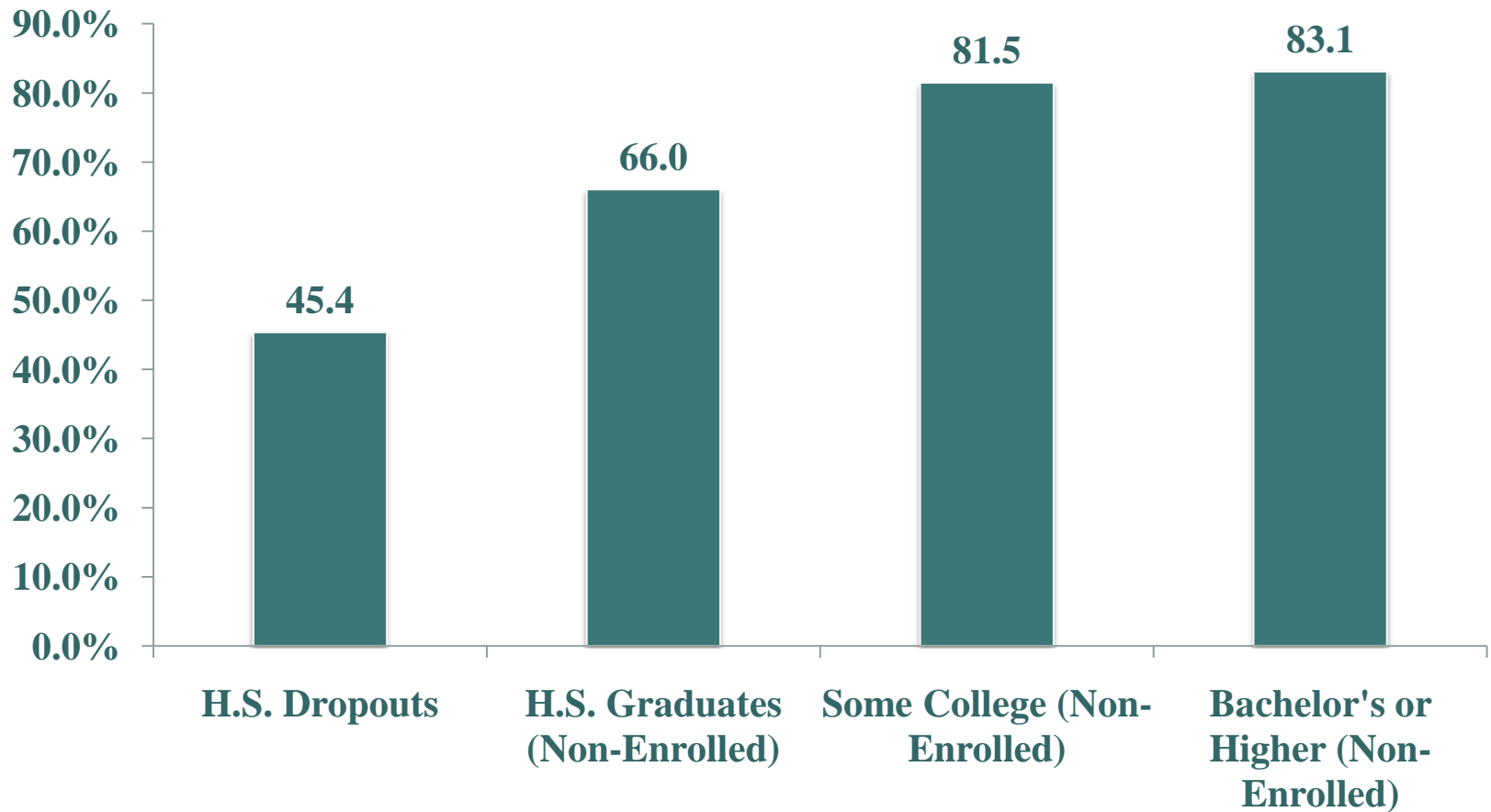
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Underutilization Rates of 16-24 Year Olds in Connecticut By Educational Attainment/School Enrollment, 2008-2009



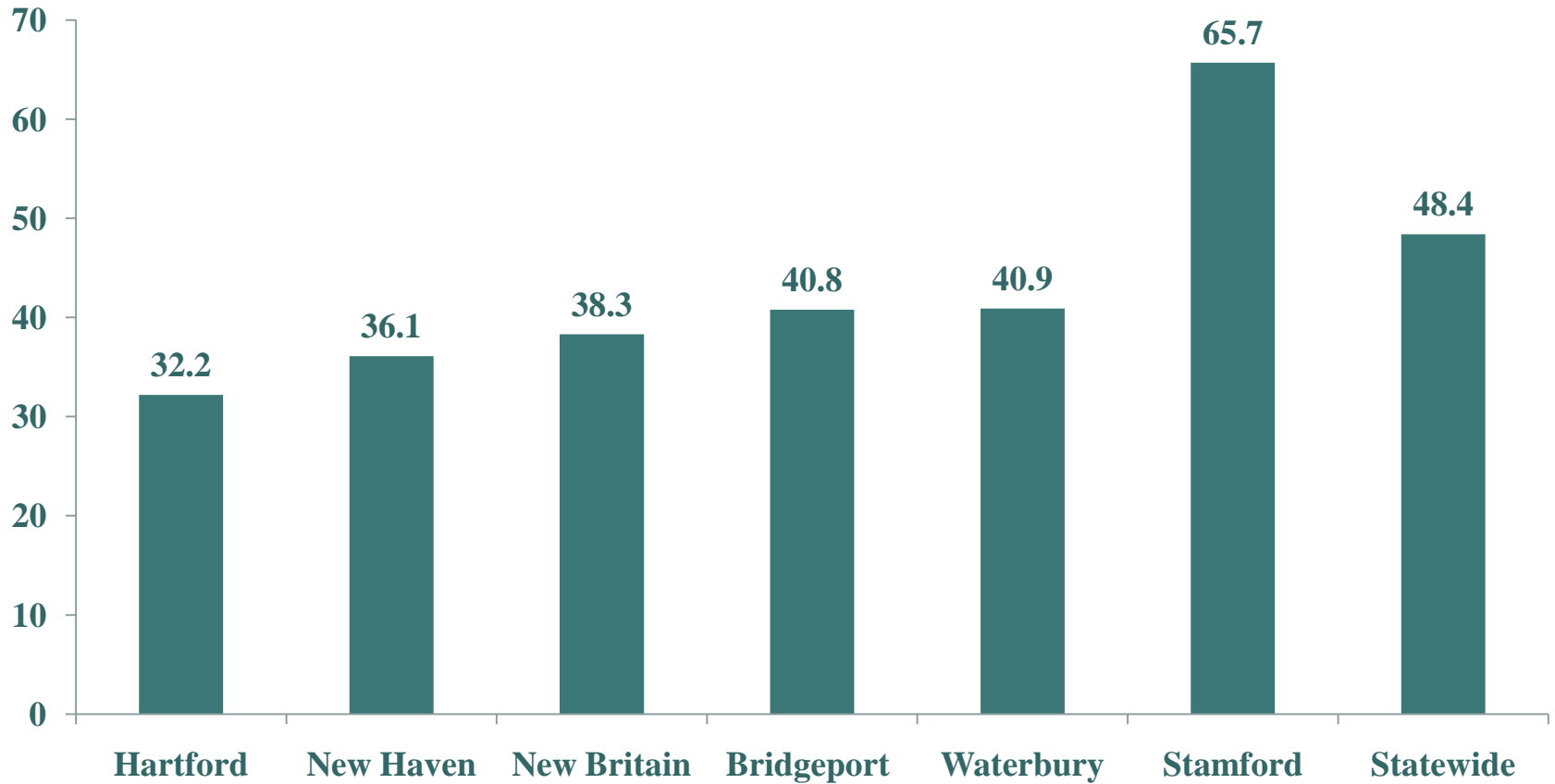
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Employment Rates of Non-Enrolled 16-24 Year Olds in Connecticut By Educational Attainment, 2009 Annual Average, (in %)



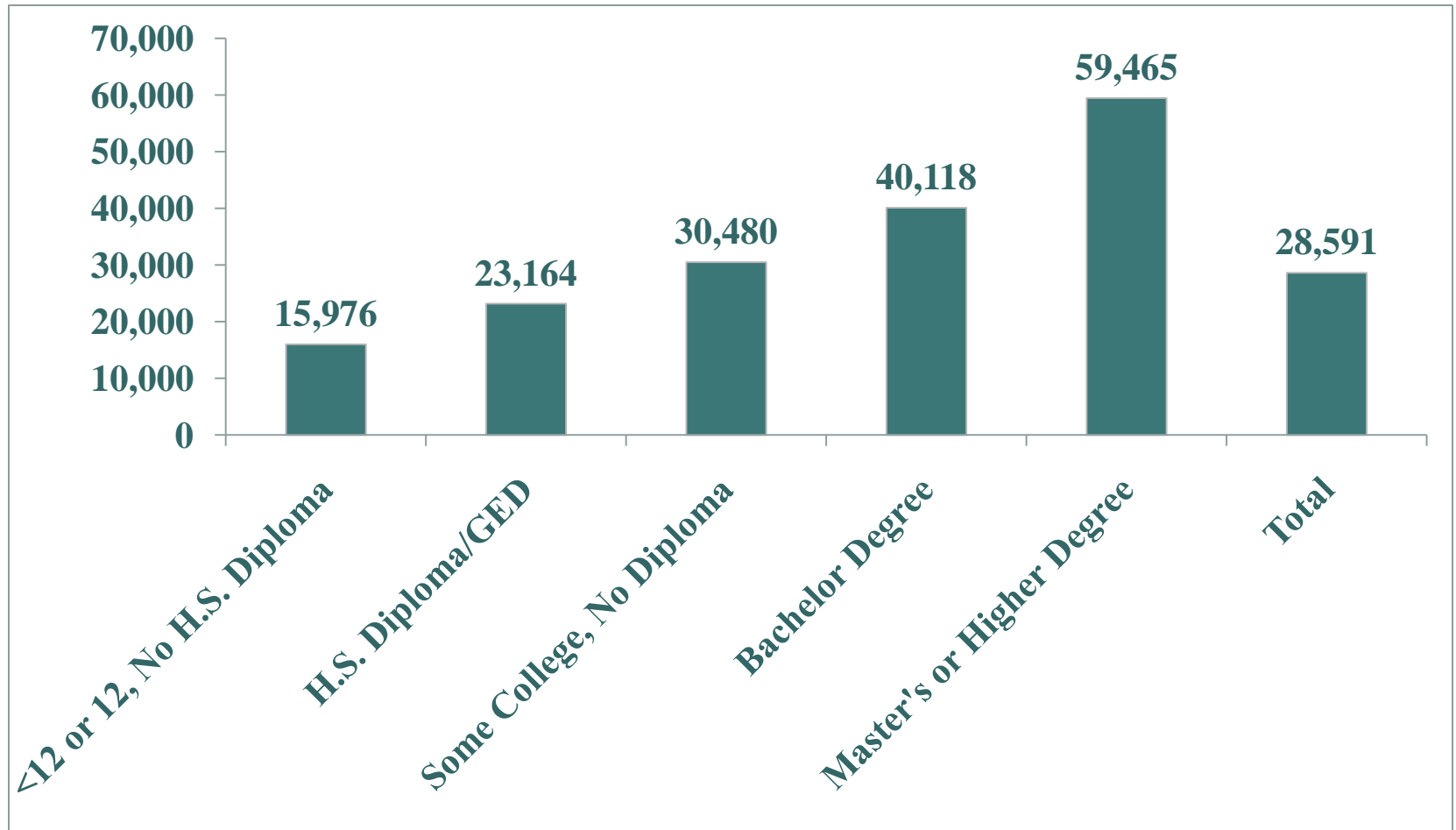
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Employment Rates of 16-24 Year Old Dropouts in Connecticut and Selected Cities/Areas of the State, 2006-2008



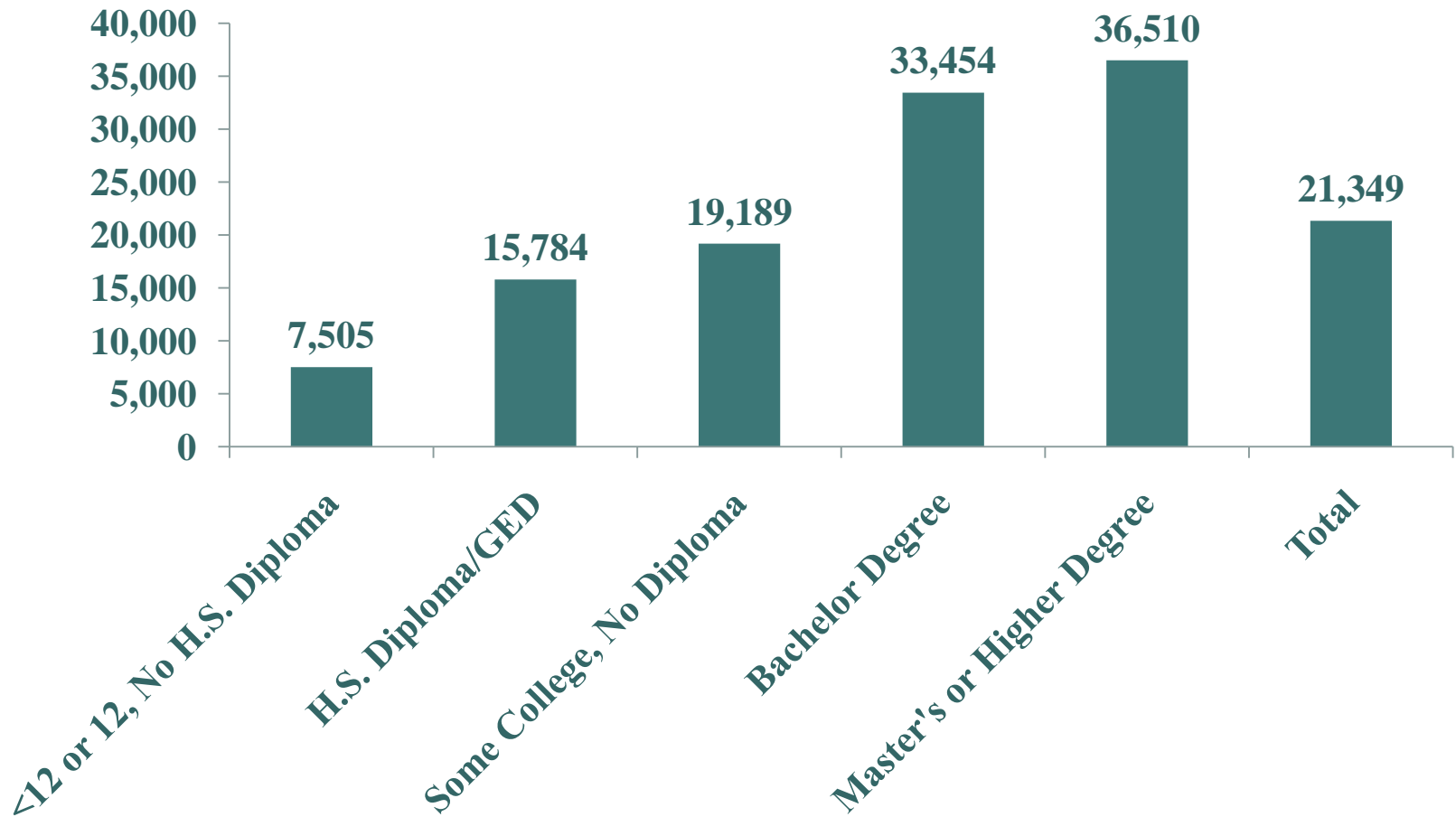
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Mean Annual Earnings of Non-Enrolled 18-29 Year Old Males By Educational Attainment, Connecticut by Educational Attainment, 2008 Annual Averages



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Mean Annual Earnings of Non-Enrolled 18-29 Year Old Females By Educational Attainment, Connecticut by Educational Attainment, 2008 Annual Averages



**Trends in Male Mean Lifetime Earnings⁽¹⁾ from
Employment in Connecticut From Ages 18-64 by
Educational Attainment and by Gender (in \$1000 of
2009 Dollars)**

MEN

	(A)	(B)	(C)	(D)
Educational Attainment	1979	2005- 2007 Averages	Absolute Change	Percent Change
High school dropout	\$1,510	\$1,110	-400	-26.5
High school graduate/GED	2,008	1,630	-378	-18.8
13-15 years	2,387	2,156	-231	-9.7
Bachelor's degree	3,288	3,770	+482	+14.6
Master's or higher degree	3,454	4,928	+1,474	+42.7
All	2,318	2,699	381	+16.4



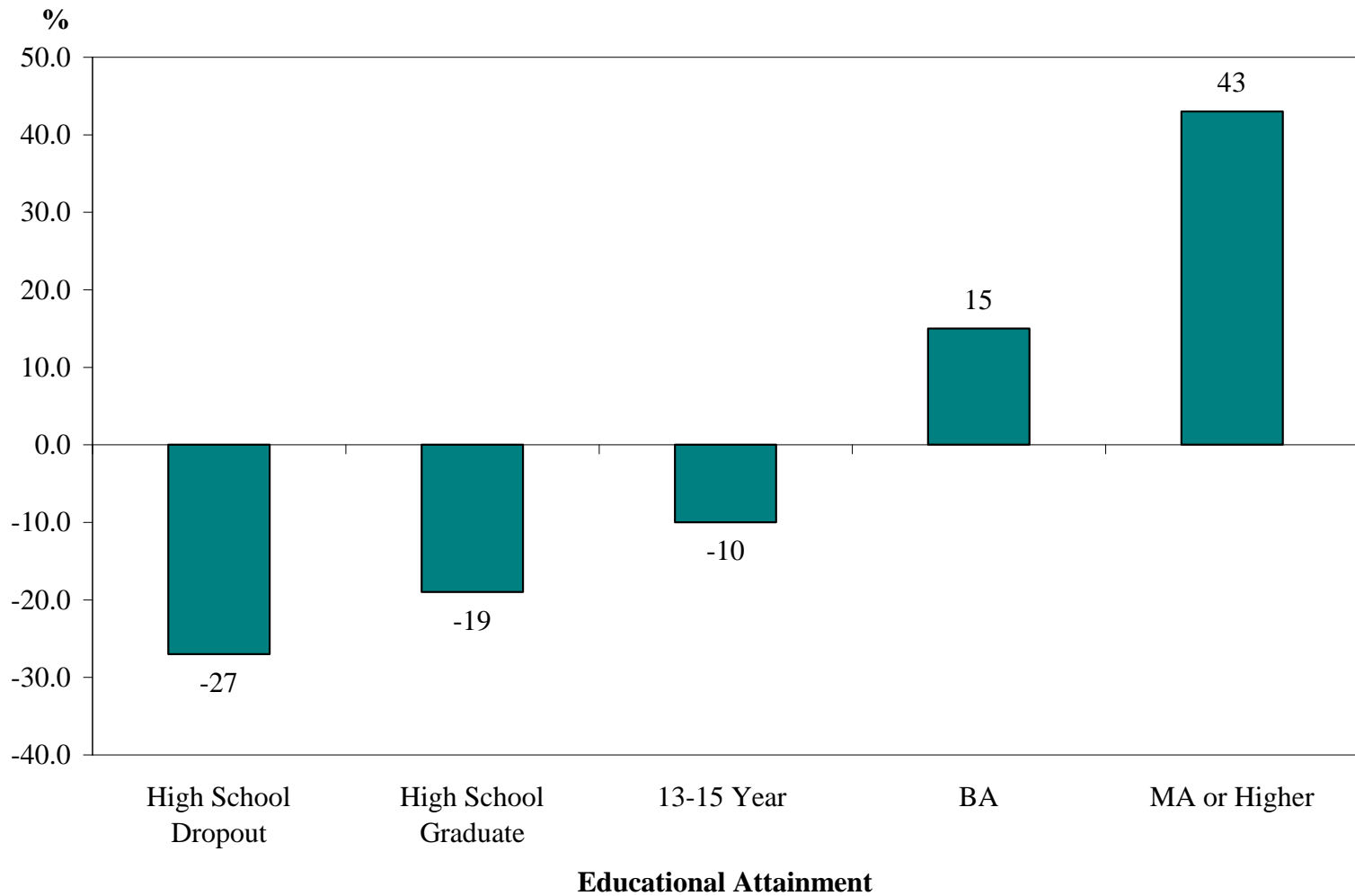
Trends in Female Mean Lifetime Earnings⁽¹⁾ from Employment in Connecticut From Ages 18-64 by Educational Attainment and by Gender (in \$1000 of 2009 Dollars)

WOMEN

	(A)	(B)	(C)	(D)
Educational Attainment	1979	2005-2007 Averages	Absolute Change	Percent Change
High school dropout	436	586	+100	+20.6
High school graduate/GED	693	971	+278	+40.1
13-15 years	790	1,284	+494	+55.9
Bachelor's degree	816	1,826	+1,010	+123.8
Master's or higher degree	1,285	2,387	+1,102	+85.7
All	733	1,445	712	+97.1

Note: Earnings of all students ages 18-22 are ignored in the lifetime calculations.

Percent Change in the Mean Real Lifetime Earnings of Males in Connecticut by Educational Attainment from 1979 to 2005-2007





Differences Between the Mean Lifetime Earnings of High School Dropouts and High School Graduates and Those with 1-3 Years of College in Connecticut in 2005-2007 by Gender

Comparison	Men	Women
High school graduate vs. high school dropout	\$527,920	\$384,289
1-3 years of college vs. high school dropout	\$1,046,552	\$697,875



Mean Expected Lifetime Years in Poverty/Near Poverty Among 18-64 Year Olds in Connecticut by Educational Attainment and Gender, 1979 to 2005-07

	Men		
	(A)	(B)	(C)
Educational Attainment	1979	2005 – 2007	Change in Years
High school dropout	5.5	9.0	+3.5
High school graduate/GED	2.2	3.8	+1.6
Some college	1.8	2.4	+.6
Bachelor degree	1.6	1.5	-.1
Master's or higher degree	1.1	1.3	+.2
All	2.7	3.4	+.7

	Women		
	(A)	(B)	(C)
Educational Attainment	1979	2005 – 2007	Change in Years
High school dropout	10.7	15.0	+4.3
High school graduate/GED	3.7	6.4	+2.7
Some college	2.9	4.1	+1.2
Bachelor degree	2.7	2.0	-.7
Master's or higher degree	1.7	1.7	0.0
All	4.6	5.0	+.4



Key Social, Civic, Health, and Criminal Justice Consequences of Dropping Out of High School in Connecticut

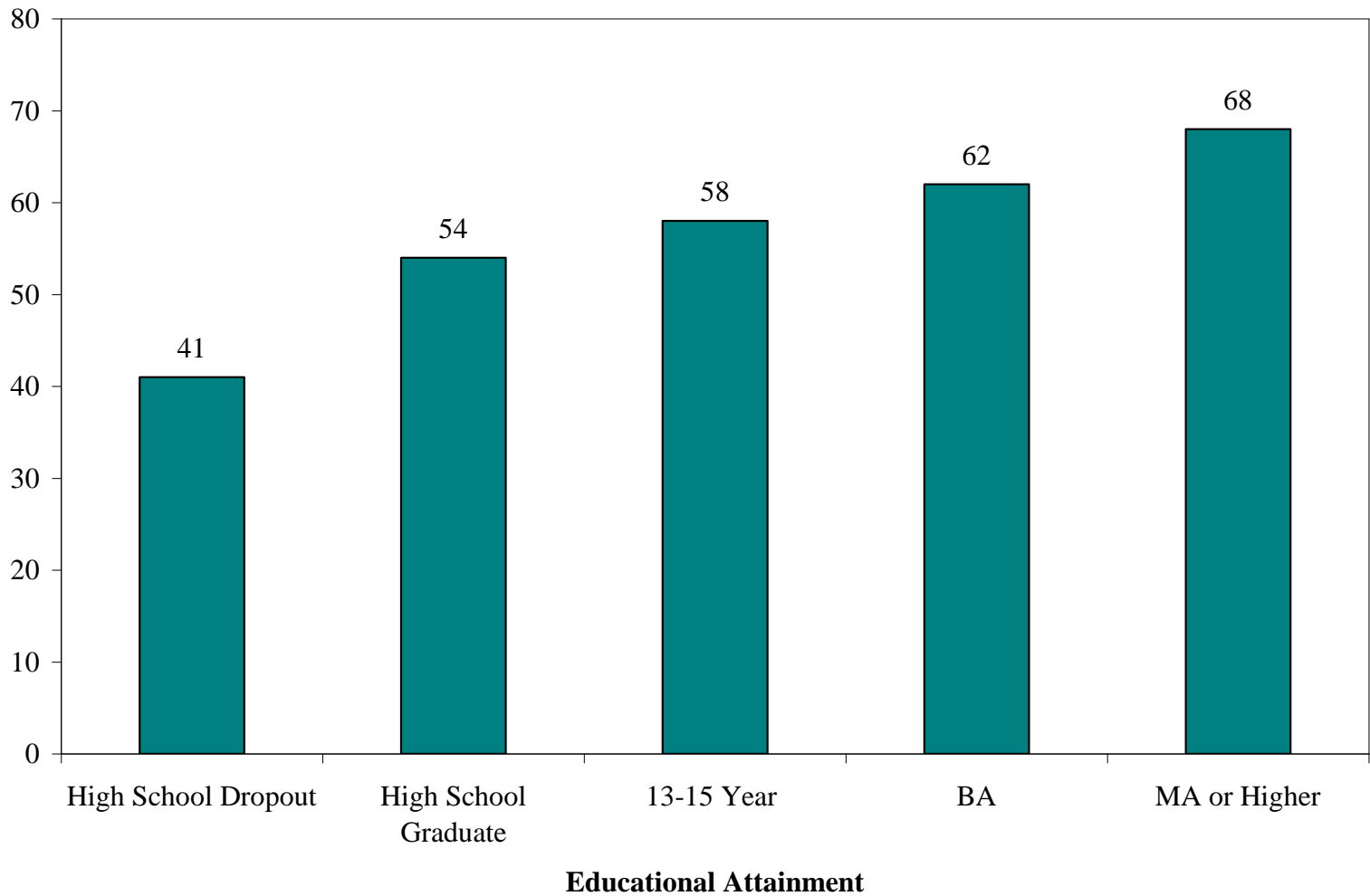
- Trends in marriage rates of Connecticut adults by educational attainment
- The share of births taking place out-of-wedlock to Connecticut women under 30 years old
- The dependence of Connecticut adults on welfare income and food stamps by educational attainment
- The voting and volunteering behavior of Connecticut adults
- The self-reported health status and disability status of Connecticut adults
- The health insurance coverage of non-elderly Connecticut adults
- The incarceration status of young adults by educational attainment

Trends in the Marriage Rates of 22-64 Year Old Native Born Adults in Connecticut by Educational Attainment from 1980 to 2005-2007 (in %)

	(A)	(B)	(C)
Educational Attainment	1979	2005 – 2007	Change in Years
All			
High school dropout	66.4	40.9	-25.5
High school graduate/GED	72.1	54.4	-17.7
Some college	66.1	58.3	-7.8
Bachelor degree	67.9	63.9	-4.0
Master's or higher degree	74.5	72.7	-1.8
All	69.4	59.8	-9.6
Men			
High school dropout	70.6	43.0	-27.6
High school graduate/GED	71.8	55.9	-16.5
Some college	65.7	58.4	-7.3
Bachelor degree	69.4	65.6	-3.8
Master's or higher degree	79.2	77.8	-1.4
All	70.9	60.4	-10.5
Women			
High school dropout	62.2	38.6	-23.6
High school graduate/GED	72.4	55.9	-16.5
Some college	66.5	58.2	-7.3
Bachelor degree	66.1	63.3	-3.8
Master's or higher degree	66.4	68.3	+1.9
All	67.9	59.2	-8.7

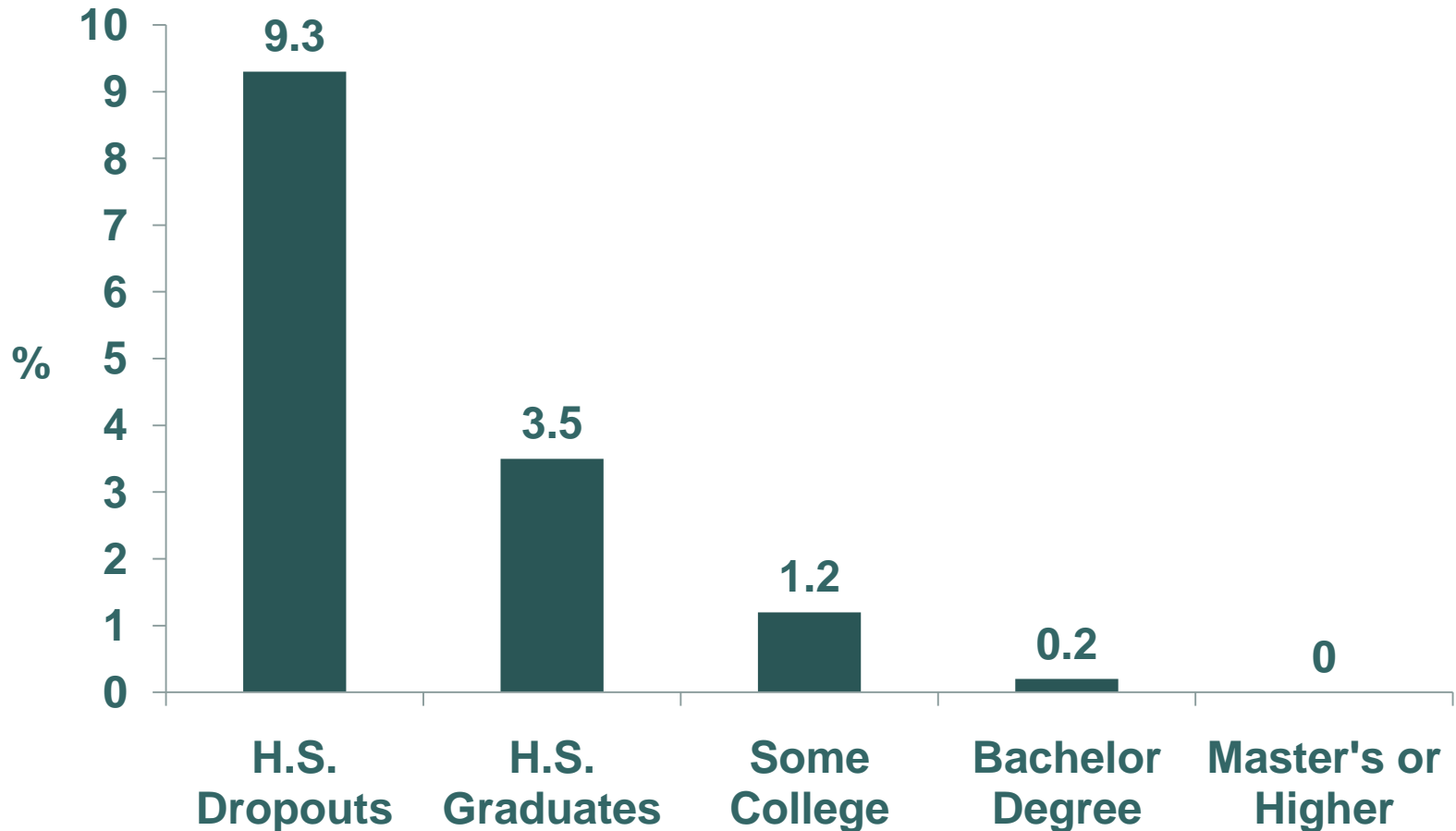
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Marriage Rates of 22-64 Year Olds in the State of Connecticut by Educational Attainment, 2005-2007 Averages



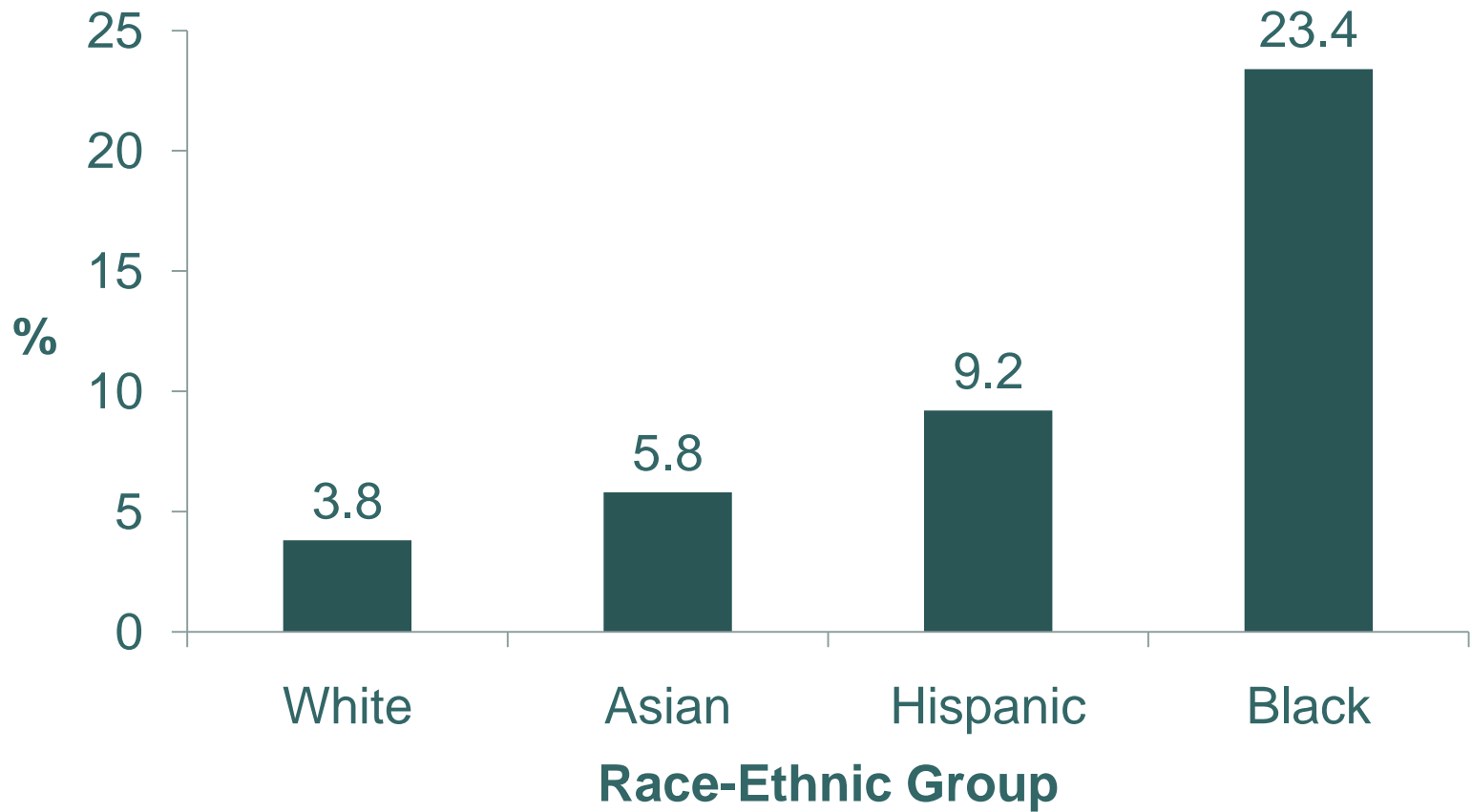
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Percent of 18-34 Year Old Males in Connecticut Who Are Incarcerated by Educational Attainment, 2006-2008 Averages



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Incarceration Rates of 18-34 Year Old Male Dropouts By Race-Ethnic Group, Connecticut, 2006-2008





The Fiscal Consequences of Being a High School Dropout in Connecticut

- Measuring the net annual fiscal contributions of Connecticut adults by educational attainment
- The sources of federal, state, and local tax payments of each educational group
- The receipt of a wide array of both cash and in-kind transfers (rental subsidies, food stamps, Medicaid benefits, etc.) from the government
- Correctional institution costs imposed by each educational group
- Estimates of the mean size of the net annual fiscal contributions of each educational group
- The lifetime differences between the net tax payments of Connecticut high school dropouts, high school graduates, and those with 1-3 years of college



Cash and Non-Cash Transfers Received by Individuals or Households That Are Used in the Computation of the Net Fiscal Impacts

Cash Transfers	Non-Cash Transfers (In-Kind Benefits)
Unemployment benefits	Market value of food stamps
Worker's compensation	Market value of Medicare insurance
Social Security payments	Market value of Medicaid benefits
Supplemental Security Income for the disabled and aged	Family market value of housing subsidies
Public assistance income (TANF, general relief)	Family market value of school lunch subsidies
Veteran's payments	Energy assistance payments
Survivor's income benefits	
Other disability income	
Federal Earned Income Tax Credits	



A Listing of the Tax Payments, Cash Transfers, Non-Cash Transfers, and Jail/Prison Cost Items Used in the Computation of the Net Fiscal Impacts

(A) Total Tax Payments

- + Mean Federal Income Tax Payments
- + Mean State Income Tax Payments
- + Mean Federal Government Retirement Contributions
- + Mean Social Security Payroll (Include Employer Contribution)
- + Mean Expected Property Tax Payment
- + Mean Sales Taxes

(B) Total Transfers/Jail or Prison Costs

- + Mean Non-Cash Transfers
- + Mean Cash Transfers
- + Mean Jail/Prison Costs (for ages 18-60)

(C) Net Annual Fiscal Contributions = Taxes Paid - Transfers/Jail or Prison Costs (A-B)

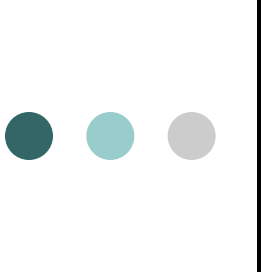
The Mean Net Annual Fiscal Contributions of 18-64 Year Old Adults in Connecticut and the U.S. by Educational Attainment, Annual Averages, 2004-2007 (Dollars)

Area/Education	Total Tax Payments	Total Transfers/ Jail or Prison Cost	Taxes Paid - Transfer/Jail or Prison Cost
Connecticut			
<12 or 12, No HS Diploma	9,276	11,485	-2,209
HS Graduate or GED	13,452	4,642	8,810
1-3 Years of College	17,825	2,882	14,943
Bachelor's Degree	27,886	1,810	26,076
Master's or Higher	35,573	1,170	34,403
Total	20,722	3,654	17,068
U.S.			
<12 or 12, No HS Diploma	6,087	6,197	-110
HS Graduate or GED	9,938	3,551	6,386
1-3 Years of College	13,244	2,508	10,736
Bachelor's Degree	20,580	1,236	19,343
Master's or Higher	29,876	1,061	28,814
Total	14,239	2,934	11,305



Mean Lifetime Net Fiscal Contributions of U.S. Adults in Connecticut and the U.S. from Ages 18-64 by Educational Attainment, 2004-2007 Averages (In Dollars)

Educational Attainment	Connecticut	U.S.	Connecticut – U.S.
<12 or 12, No HS Diploma	-103,823	-5,170	-98,653
HS Graduate or GED	414,070	300,142	113,928
1-3 Years of College	672,435	483,120	189,315
Bachelor's Degree	1,095,192	812,406	282,786
Master's or Higher	1,341,717	1,123,746	217,971
Total	802,196	531,335	270,861



Differences Between the Estimated Mean Lifetime Net Fiscal Contributions of U.S. Adults in Selected Educational Groups

Groups Being Compared	Connecticut	U.S.	Connecticut – U.S.
High school graduate vs. dropout	517,893	305,312	212,581
13-15 years vs. high school graduate	258,365	182,978	75,387
B.A. degree vs. high school graduate	681,122	512,264	168,858
B.A. degree vs. high school dropout	1,199,015	817,576	381,439