

EDUCATION AS AN INSTRUMENT OF PUBLIC POLICY: A PERSPECTIVE ON THE KEY TO ECONOMIC GROWTH AND SOCIAL PROGRESS

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Abstract

Despite the widely recognized excellence at the higher education level in the United States, education is not being used aggressively as an instrument of public policy to foster economic growth and social progress. This notes provides a perspective on such a policy and a suggested course.

INTRODUCTION

Educational standards and availability to all citizens define the soul of a nation. World recognition and national achievements go hand in hand with educational attainment. History is rich in examples where countries that dominated the world or whose culture was emulated across the globe nearly always excelled in their educational achievements. British economic and military dominance was accompanied by the preeminence of its premier educational institutions. Oxford and Cambridge universities became prestigious centers for learning, and destinations of choice for the world's elite, seeking education and training. This isn't true anymore. The United States now dominates higher education, and students and scholars from around the world flock to the U.S. to utilize our educational institutions and research facilities. However, the United States has not harnessed the full potential of *education as a public policy tool to promote economic growth and social progress*. This short note provides a perspective on education as an instrument of public policy that emphasizes its role in spurring economic growth and social progress.

EXCELLENCE IN HIGHER EDUCATION HIDES KEY WEAKNESSES

U.S. Excels in Higher Education

While the college participation rate among young adults, 18-24 year old, enrolled in higher education in the U.S., has increased over the past two decades, it is still a meager 40% (the 6-year graduation rate in 2015 was 59%). Despite this, the United States excels at the higher education level. A large number of American

universities (not just Harvard and Yale) are recognized across the globe as the world's top universities. Students and scholars from across the world strive to access and participate in higher education institutions in the U.S. The number of Nobel prizes awarded to Americans provides a dramatic proof of the superiority of the U.S. higher education system. As of 2017, United States citizens received 371 Nobel prizes. Britain occupies second place (129), followed by Germany (107) – interestingly, Japan has managed to win only 27 Nobel prizes. Thus, the issue at the higher education level in the U.S. is that of *enabling access to high quality education to all meritorious students*, and not a scarcity of top flight educational institutions.

U.S. Starting to Lag Other Industrialized Nations in Secondary Education

Statistics show that school-level education in the United States is lagging behind other industrialized nations. The results of a 2003 survey conducted by the Program for International Student Assessment (PISA), in which the U.S. participates, show us that U.S. 15-year olds performed below average in mathematical and scientific literacy in a 30 nation study (Organization for Economic Cooperation and Development, OECD), including Korea, Poland, Mexico and Turkey. In the most recent (2015) PISA assessment, the United States ranked 19th in science, 20th in readings and 31st in mathematics out of 35 OECD countries. Among all 72 countries included in the assessment, Singapore topped the list. The top OECD countries were Japan, Estonia, Finland and Canada.

EDUCATION-BASED PUBLIC POLICY

Expanding Educational Opportunities and Maintaining the Excellence of Our Premier Educational Institutions.

Mass higher education should occupy a central place among public policies. Education not only produces well-informed, tax-paying citizens, it also reduces income disparity by lifting individuals in low or middle income groups. The basic policy on the educational front should have, at least, four dimensions:

1. **Start with Quality Pre-K Program.** In most U.S. states, only a small number of children are served by publicly funded Pre-kindergarten (Pre-K) education. – universal Pre-K is standard only in three states – Florida, Georgia and Oklahoma. The United States needs to follow the lead of these states and require Pre-K programs nationwide. A number of studies by Clive R. Belfield and others have established that early childhood education not only enhances children's viability as adults, but also has an economic pay off individually and to society as a whole. Benefits to children include, among others: enhanced academic achievement; improved health and nutrition; higher likelihood of graduation and college enrollment; increased probability of higher wages and employment; and lower teen-pregnancy/delinquency. Benefits to society and the economy include:

reduction in abuse/neglect; lower reliance on public healthcare; increased income tax revenues; lower welfare dependence; and, reductions in delinquency and crime. Overall, evidence (from a Chicago early childhood program) suggests that, for every single dollar of investment in Pre-K programs, \$7.14 was recouped in benefits.

- 2. Provide Solid K-through-12 Education.** While many of the previously discussed concepts benefit students and society as a whole, there is more to the educational equation. Secondary education is becoming increasingly important for the U.S. economy. At one time, high-school dropouts could do fairly well in the auto or steel industries. Those days are long gone. At the same time, the U.S. has an epidemic in high school education, especially in our larger cities.

The Graduation Rate. According to the National Center for Education Statistics, in school year 2014–15, the graduation rate for public high school students stood at 83 percent -- more than 4 out of 5 students graduated with a regular high school diploma within 4 years of starting 9th grade. This ratio ranges from 90% for Asian Americans to 72% for American Indians – graduation rates for White, Hispanic and African American students are 88%, 78% and 75%, respectively. These facts are especially telling, given that *nearly two-thirds of the entry-level jobs in the U.S. require some education beyond high school*, and, according to a George Town study, by 2020, more than 65% of new jobs will require educational achievement beyond a high school diploma.

Abysmal Life-long Consequences. Not only are high school dropouts 41% more likely to be unemployed than those who graduate, they also earned 37% less per year in 2017, compared to those with high school diplomas (see Table 1-1). Nationwide, *nearly 3 out of 4 state prison inmates (68%) failed to earn high school diplomas*, according to a study from the Bureau of Justice Statistics. High school dropouts are also more likely to be dependent on government support.

A Clear Choice for the Society. Given these facts, the answer for the country is clear: it is imperative that our youth have a solid high school education. Our target in this area should be at least a 95% graduation rate at the secondary education level. The nation is fully capable of achieving this ambitious target if we make it a priority for our children and our country. There is ample research in this area that can guide us on how to achieve this goal – the first step is the adoption of universal Pre-K programs.

- 3. Expanding Support for College Education to Middle and Lower Income Families.** Education is not only beneficial to individuals, it is undoubtedly good for the economy as a whole. Earnings data from the U.S.

Census Bureau, presented in Table 1, reveal the amazing difference education makes. Those with less than high school diplomas earned about \$27,000 in 2017, those with high school diplomas earned about \$37,000 (37% over those with less than high school diplomas), those with Bachelor's degrees earned about \$61,000 (65% over high school diplomas), those with Master's degrees, earned about \$73,000 (19% over Bachelor's degrees), and those with professional degrees, earned about \$95,500 (57% over Bachelor's degrees).

TABLE 1
Full time Median Earnings by Educational Attainment: 2017

Educational Attainment Level	Unemployment Rate	Earnings Per Year
Less than High School Diploma	6.50%	\$27,040
High School Diploma	4.60%	\$37,024
Some College, No Degree	4.00%	\$40,248
Associate Degree	3.40%	\$43,472
Bachelor's Degree	2.50%	\$60,996
Master's Degree	2.20%	\$72,852
Doctorate Degree	1.50%	\$90,636
Professional Degree	1.50%	\$95,472

Note: Data for full-time wage and salaried workers, age 25 and over.

Source: U.S. Bureau of Labor Statistics, Current Population Survey.

College Education Can Literally Save the Next Generation. College education is the most powerful tool in raising the economic wellbeing and social standing of a child born today, and her descendants. It not only generates high-income, tax-paying, informed citizens, but also adds to economic growth, reduces crime, and lowers dependency on government support by current and future generations. The U.S. should aim to have 75-80% of high school graduates successfully complete a college education, and provide vocational or other job-related training to others.

The federal and state governments can launch coordinated efforts to achieve college-education goals. The following can constitute a part of these efforts.

- (a) ***Make Low Interest Loans and/or Grants Available to All Who are Admitted to a College.*** We should not shut out middle class families who are often highly motivated to send their children to college. Sadly, these people often find financing difficult as they do not qualify for financial assistance. These families should be supported aggressively.

The interest rate on loans should be equal to the rate of inflation, so that students pay back the same amount of money they borrowed, in inflation-adjusted terms. The loans should carry an insurance component as well – students do not have to pay their loans until after the completion of one year of employment. However, financially sound defaulters should be dealt with severely. A college loan packet of this type would induce more students to pursue college degrees.

(b) *Slow Down the Runaway Tuition Increase.* Educational institutions should be supported and encouraged to be financially responsible and to hold down tuition rates. According to the College Board, the in-state tuition and fees for the four-year public sector institutions increased at 3.2% average annual rate between 2007-08 and 2017-18, higher than the rate of inflation. Government supported educational institutions should be audited to see if their policies provide opportunities to as many students as possible.

(c) *The Importance of College Education Should Be Widely Publicized.* The government institutions should actively publicize the importance of college education, starting from the walls of middle and high school cafeteria, and quite possibly starting in Pre-K! Advertising to students must extol the benefits of a college education, instead of carrying ads promoting junk food, games and toys. Private, religious and charitable organizations should also be encouraged and challenged to spread the message.

4. *Support Technological Innovations and Research Vigorously.* Government funding for research and technological innovations (some driven by national defense needs) have made a crucial difference in positioning the U.S. as a leader in both basic and applied research. The huge number of Nobel prizes awarded to Americans is testimony to this, while demonstrating the power of research at the highest level. We must not, however, slacken or let partisan political considerations define what research is in the long-term interest of the country. For instance, restrictions on the stem-cell research in the U.S. have largely left the potentially promising and lucrative field to other nations. Research activities have immense benefits to the nation (and the world), but the lack of profitability may keep the private sector from engaging in them wholeheartedly. Space exploration may be of no use to a private firm, whereas it may open new frontiers of opportunities for the nation. As a result, *the government has to serve as a catalyst. The U.S. must maintain its lead in research and innovation, including outer space explorations.* The research component of education is vital for the long-term health of the economy, along with national prestige as a desirable by-product.

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