We Got More Educated, We Are Better Off… Right?

An Exploration of Factors Influencing the Conversion of BA Attainment into a Better Labor Market

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Individual Benefits of Attainment

Anthony Carnevale (2011):

“The main lesson from a down job market? Stay in school. As long as you can.”
Return of Dual Labor Market Theory

• Acemoglu (1988) proposes the idea of skills biased technological change

• Goldin and Katz (2008) document increasing wage disparity linked to educational attainment and ability to use technology
Regional Change

- Educational attainment is often one of the important correlates of positive economic outcomes (Glaeser and others).

- Wide variation in training requirements region to region – lack of degree attainment is strongest explainer of structural unemployment (Rothwell 2012)
2010 Ed. Attainment and 2010 PCI

$R^2 = .395$
Change in Ed Attainment and PCI, 1990 - 2010

\[ R^2 = 0.201 \]
Under what conditions does increased degree attainment lead to positive outcomes -- increases in per capita income and labor force participation, and decreases in poverty and unemployment -- across the regional labor market?
Trends and Change in BA Attainment between 1990-2010
Change in Working Population with a BA or Higher

Population over 25 Years

Percent of 25 or Older Population with a BA or More


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# Leaders and Laggards (1990-2010)

<table>
<thead>
<tr>
<th>Leading Metro Areas</th>
<th>Lagging Metro Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose, CA (14.46%)</td>
<td>Iowa City, IA (1.58%)</td>
</tr>
<tr>
<td>Manchester, NH (13.61%)</td>
<td>Yuma, AZ (1.44%)</td>
</tr>
<tr>
<td>Fort Collins, CO (13.42%)</td>
<td>Victoria, TX (1.40%)</td>
</tr>
<tr>
<td>Charleston, SC (12.98%)</td>
<td>Beaumont, TX (1.27%)</td>
</tr>
<tr>
<td>Charlotte, NC (12.57%)</td>
<td>Salinas, CA (1.24%)</td>
</tr>
<tr>
<td>San Francisco Bay, CA (12.49%)</td>
<td>Terre Haute, IN (1.22%)</td>
</tr>
<tr>
<td>Columbia, MO (12.45%)</td>
<td>Lebanon, PA (1.06%)</td>
</tr>
<tr>
<td>Boston, MA (12.35%)</td>
<td>Monroe, LA (0.80%)</td>
</tr>
<tr>
<td>Johnson City, TN (11.98%)</td>
<td>Oxford, AL (0.57%)</td>
</tr>
<tr>
<td>Bloomington, IL (11.46%)</td>
<td>Bangor, ME (0.37%)</td>
</tr>
<tr>
<td>Lawrence, KS (11.45%)</td>
<td>Merced, CA (0.33%)</td>
</tr>
<tr>
<td>Dubuque, IA (11.32%)</td>
<td>Abilene, TX (0.16%)</td>
</tr>
</tbody>
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Leaders, Laggards, and the Left Out

- National educational attainment increased from 20.3% in 1990 to 28.2% in 2010 (7.9% increase)

- 78 Leaders
  - 15 Sunbelt, “New Economy” Regions
  - 25 “University Driven” Regions
  - 28 Post-industrial regions
  - 10 “Other”

- 195 laggards

- 10 Losers
Summary

- The United States has begun a successful transition to the 21st century economy and produced large numbers of BA holding workers.
- Regional growth appears to be only partially a function of national growth.
- “Leader” regions come in many different forms.
We got smarter, we are doing better... Right?
Outcome Measures

• Of the 78 Leaders, did they:
  – Increase their relative per capita income?
  – Increase relative labor force participation?
  – Decrease relative unemployment?
  – Decrease relative poverty?
## Results Are Mixed

<table>
<thead>
<tr>
<th>Four of Four</th>
<th>Three of Four</th>
<th>Two of Four</th>
<th>One of Four</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 metros</td>
<td>13 metros</td>
<td>17 metros</td>
<td>15 metros</td>
<td>12 metros</td>
</tr>
</tbody>
</table>

**Potential Explanations**
- Spatial dispersal, residential segregation
- Strong demand that is able to absorb gains
- High civic participation
- Strong anchor institutions
- Links between place based policies and workforce development
- Growth in skills biased industries

Next steps: Cluster-Discriminant Analysis (developed by Hill and Brennan) to identify outcomes and drivers
Cluster – Discriminant Analysis

• What type of success (or challenge) do these regions have in common?
  – For example, there is a group of successful income increasing regions

• What are the ties that bind the regions together and drive success?
  – For example what role does residential segregation play?
Main Points

• Increased educational attainment is key for national economic competitiveness and individual life opportunity, evidence is less clear at the regional level.

• Change in educational attainment is uneven across regions.

• Increasing BA attainment does not improve the labor market *per se*. Talent attraction and retention programs must be leavened to address middle skills and low skills job opportunities as well.
Questions?

Thanks to the Federal Reserve System