

Policy Matters Ohio

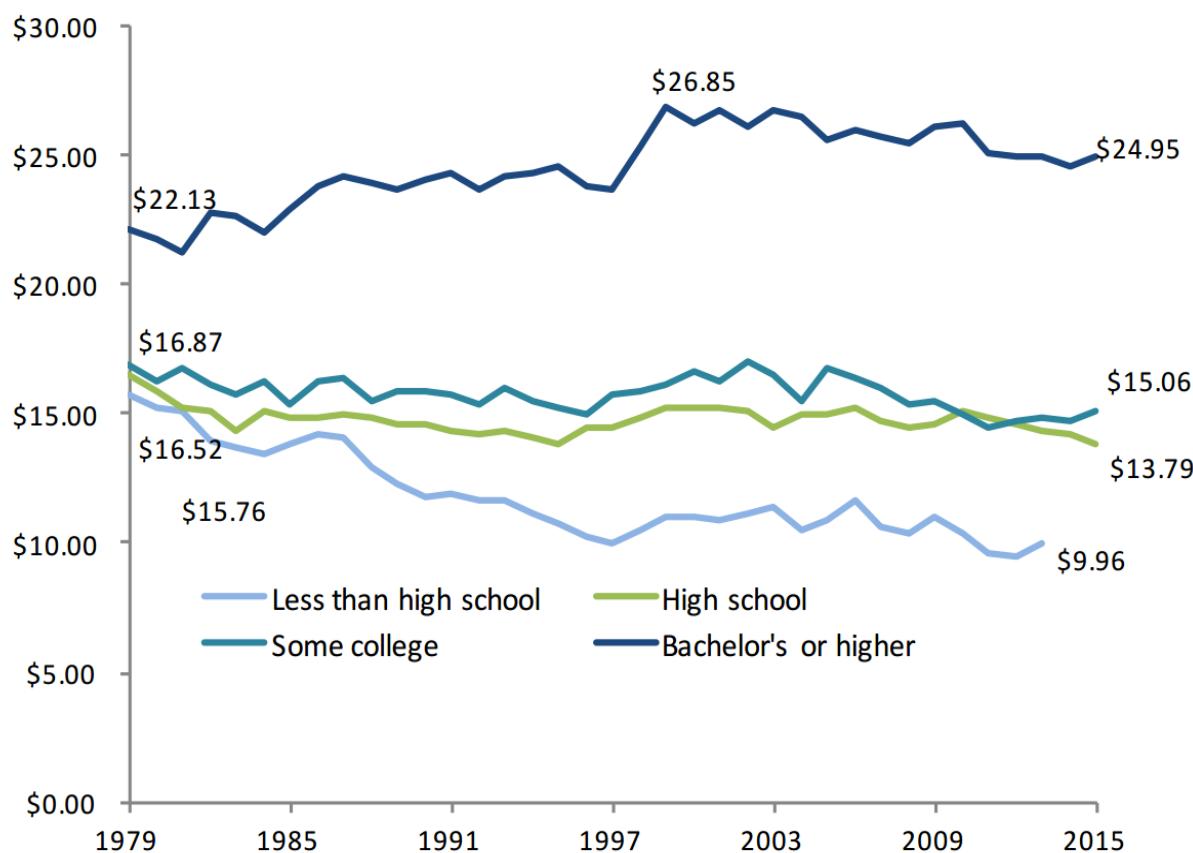
April 5, 2017

Dear Chairman Smith, Vice Chair Ryan, Ranking Member Cera, Representative Ramos, and members of the Committee:

Thank you for this opportunity to respond to a question by Representative Ramos on the linkage between education and self-sufficiency (or lack thereof).

Policy Matters Ohio publishes [The State of Working Ohio](#) every year, on Labor Day. This chart shows that the lower the level of educational attainment, the lower the hourly wage. This speaks to Representative Ramos's observation that education – or the lack thereof – is related to state expenditures on public assistance.

Education pays, but all educational categories down from peaks



Source: EPI Analysis of CPS Data, inflation adjusted 2015 dollars

One of the best studies on this matter was published by the Economic Policy Institute in 2013. The study, entitled “A well educated workforce is the key to state prosperity,” by Noah Berger and Peter Fisher (<http://www.epi.org/publication/states-education-productivity-growth-foundations/>), asked: “What can state governments do to boost the economic well-being of their people? That is the central question of state economic policy.”

Their answer: Incomes and wages can increase across an economy when productivity—production per capita—increases. States have many tools in their arsenal to increase productivity, including investments in public infrastructure, in technological innovation at public universities and other institutions, and in workers through the education and training systems.

But many states have been retreating from their responsibility to ensure state economic growth that benefits all residents in favor of a short-sighted approach to economic development. In these states, the focus is on luring employers from other states with strategies that do not lead to rising incomes because they do not make the workforce more productive. Even worse, the focus drains resources from the most important, proven, path to increasing productivity: investments in education.

Major findings of this report include:

- Overwhelmingly, high-wage states are states with a well-educated workforce. There is a clear and strong correlation between the educational attainment of a state’s workforce and median wages in the state.
- States can build a strong foundation for economic success and shared prosperity by investing in education. Providing expanded access to high quality education will not only expand economic opportunity for residents, but also likely do more to strengthen the overall state economy than anything else a state government can do.
- Cutting taxes to capture private investment from other states is a race-to-the-bottom state economic development strategy that undermines the ability to invest in education.
- States can increase the strength of their economies and their ability to grow and attract high-wage employers by investing in education and increasing the number of well-educated workers.
- Investing in education is also good for state budgets in the long run, since workers with higher incomes contribute more through taxes over the course of their lifetimes.

In recent years, more studies have documented the link between education and health. The Brookings Institution highlighted a study (<https://www.brookings.edu/research/the-effect-of-college-education-on-mortality/>) that found an additional year of college decreases mortality rates by 15 to 19 percent by reducing deaths from cancer and heart disease. “[The effect of college education on mortality](#)” by Kasey Buckles of the University of Notre Dame, Andreas Hagemann of the University of Michigan, Malamud, Melinda Morrill of the University of North Carolina, and Abigail Wozniak of Notre Dame was one of the first pieces of research to examine the causal effect of college education on mortality.

Another study on this was “Population Health: Behavioral and Social Science Insights - Understanding the Relationship Between Education and Health,” Emily B. Zimmerman, Steven H. Woolf, and Amber Haley (<https://www.ahrq.gov/professionals/education/curriculum->

[tools/population-health/zimmerman.html](#)) The study included a review of literature on the topic, which included the following findings:

- At age 25, U.S. adults without a high school diploma can expect to die 9 years sooner than college graduates.
- According to one study, college graduates with only a Bachelor's degree were 26 percent more likely to die during a 5-year study follow-up period than those with a professional degree. Americans with less than a high school education were almost twice as likely to die in the next 5 years compared to those with a professional degree.
- Among whites with less than 12 years of education, life expectancy at age 25 fell by more than 3 years for men and by more than 5 years for women between 1990 and 2008.
- By 2011, the prevalence of diabetes had reached 15 percent for adults without a high school education, compared with 7 percent for college graduates.

The Justice Policy Institute highlighted the links between public safety and educational attainment (http://www.justicepolicy.org/images/upload/07-08_rep_educationandpublicsafety_ps-ac.pdf)

The 2007 research brief summarized findings educational attainment as it relates to crime trends and public safety. They also compared state-level education data with crime rates and incarceration rates. They found that those states that have focused the most on education tend to have lower violent crime rates and lower incarceration rates. Significant findings included:

- Graduation rates were associated with positive public safety outcomes. Researchers have found that a 5 percent increase in male high school graduation rates would produce an annual savings of almost \$5 billion in crime-related expenses.
- States that had higher levels of educational attainment also had crime rates lower than the national average. Nine out of the 10 states with the highest percentage of population who had attained a high school diploma or above were found to have lower violent crime rates than the national average, compared to just four of the 10 states with the lowest educational attainment per population.
- States with higher college enrollment rates experienced lower violent crime rates than states with lower college enrollment rates. Of the states with the 10 highest enrollment rates, nine had violent crime rates below the national average. Of the states with the lowest college enrollment rates, five had violent crime rates above the national average.
- States that made bigger investments in higher education saw better public safety outcomes. Of the 10 states that saw the biggest increases in higher education expenditure, eight saw violent crime rates decline, and five saw violent crime decline more than the national average. Of the 10 states that saw the smallest change in higher education expenditure, the violent crime rate rose in five states.
- The risk of incarceration, higher violent crime rates, and low educational attainment are concentrated among communities of color, who are more likely to suffer from barriers to educational opportunities. Disparities in educational opportunities contribute to a situation in which communities of color experience less educational attainment than whites, are more likely to be incarcerated, and more likely to face higher violent crime rates.

Policy Matters Ohio testified before the Ohio General Assembly in 2015 about how the state's low-wage economy leaves many working Ohioans below the level of self-sufficiency. We highlighted that most of our largest occupational categories, like retail, fast food, home health and day labor, pay too little for workers with children to make ends meet (<http://www.policymattersohio.org/hhs->

[testimony-march2015](#)). We know from compiling “The State of Working Ohio” year after year that one of the most important investments a state makes is in affordable, high quality education from pre-school through graduate school.

Thank you for this opportunity to provide additional materials on Representative Ramos’s question. Please let us know if we can provide additional background.

Best Regards,

Wendy Patton
Senior Project Director
Policy Matters Ohio

Zach Schiller
Research Director
Policy Matters Ohio