

A BRIEF FROM

POLICY MATTERS OHIO

CLEVELAND'S
DIPLOMA DEFICIT

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Cleveland's Diploma Deficit

According to the most recent statistics, a full two-thirds of the students entering the Cleveland Municipal School District leave without diplomas. During the 1999-2000 school year, 4,306 students dropped out of the Cleveland schools. The year before that 4,278 did. These numbers point to the need for an improved school system, a job the district has taken on aggressively. But focusing all of the attention on improving Cleveland's schools overshadows another important aspect of this unfortunate reality. There are tens of thousands of young adults in Cleveland who dropped out of school without getting diplomas. And while the number of Clevelanders without diplomas continues to grow, data gathered by Policy Matters Ohio indicates that wages for workers with lower levels of educational attainment are falling precipitously. This research brief examines the extent of Cleveland's diploma deficit and documents the wage challenges faced by less educated workers.

Dropout Rates

As Table 1 illustrates, over the last four years alone, 17,961 students left the Cleveland Municipal School District without diplomas. More than half of them -- some 9,218 students -- didn't finish the ninth grade.

Table 1
Dropouts Per Grade Level, Cleveland Municipal School District

| | 1996-97 | 1997-98 | 1998-99 | 1999-2000 |
|------------------------|----------------|----------------|----------------|------------------|
| 12 th grade | 704 | 595 | 357 | 580 |
| 11 th grade | 616 | 714 | 630 | 756 |
| 10 th grade | 978 | 990 | 904 | 919 |
| 9 th grade | 1,880 | 1,853 | 1,984 | 1,617 |
| 8 th grade | 356 | 191 | 248 | 261 |
| 7 th grade | 351 | 149 | 155 | 173 |
| <i>Total</i> | 4,885 | 4,492 | 4,278 | 4,306 |

Source: Cleveland Municipal School District

While the statistics prior to 1996 are less reliable, it's clear that tens of thousands more didn't complete high school in the previous decade. That represents a significant portion of Cleveland's overall labor force, which numbers just above 200,000.

There are a variety of local adult education programs, including a number operated by the Cleveland Municipal School District. These programs have helped some students earn diplomas by passing the General Educational Development (GED) test. But they represent only a fraction of the total who have left the Cleveland schools. Last year, about 1,300 people took the test in the city, and about 800 passed. That leaves a significant number of people to face the growing wage divide between less and more educated workers.

The Growing Divide

Disparities between less and more educated workers have grown dramatically over the past twenty years. Wages for anyone possessing less than a four-year degree have dropped substantially since 1979, while wages for those with a college or graduate degree have risen. Between 1979 and 2000, median wages for Ohioans who didn't have high school diplomas fell by 33.2 percent, after adjusting for inflation. According to an analysis of census data by Policy Matters Ohio, they earned a median wage of \$8.00 an hour in 2000, down from \$11.98 in 1979. High school graduates in Ohio have also seen their real wages fall over the last twenty years, though not nearly as drastically. In 2000, the median wage for a high school graduate in Ohio was \$11.00, while that of college graduates climbed to \$18.00. These numbers, shown in Table 2, underscore the growing wage problem facing Cleveland.

Table 2
Ohio Hourly Wages by Education (2000 Dollars)

| | 1979 | 1989 | 2000 | Change 1979- 2000 |
|------------------------|-------------|-------------|-------------|--------------------------|
| No HS Diploma | \$ 11.98 | \$ 9.28 | \$ 8.00 | -33.2% |
| HS Diploma | \$ 12.78 | \$ 11.10 | \$ 11.00 | -13.9% |
| 1-3 Years Post-HS | \$ 13.15 | \$ 12.49 | \$ 12.00 | -8.7% |
| College graduates | \$ 15.71 | \$ 16.65 | \$ 18.00 | 14.6% |
| Postgraduate Education | \$ 18.20 | \$ 20.46 | \$ 23.07 | 26.8% |

Source: Policy Matters Ohio analysis, based on data from the Current Population Survey.

It should be no surprise, then, that Cleveland residents lost ground even during the longest economic boom in U.S. history. The average taxpayer in the Cleveland school district earned \$25,844 in 1998, according to the Council for Economic Opportunities in Greater Cleveland. That was down 2.7 percent from 1989 after adjustment for inflation. For the average Ohioan, earnings rose 9.1 over the same period.

Making Ends Meet

Many families are unable to make ends meet on such low pay. A recent study by the Economic Policy Institute in Washington, D.C. examined the cost of living in over 400 communities nationwide and produced "basic family budgets." These budgets represent what it would cost for working families with young children to maintain a safe and decent standard of living. Among the findings of the study was that when the household head has less than a high school education, more than two-thirds of families fall below those basic budget levels.

Table 3
Share of Families Falling Below Basic Budget Levels in the US
by Education Level, 1998-2000

| | |
|-------------------|-------|
| No HS Diploma | 68.6% |
| HS Diploma | 38.1% |
| 1-3 Years Post HS | 27.6% |
| College Graduates | 7.7% |

Source: Economic Policy Institute analysis of CPS data

The adults earning these wages are now the mothers and fathers of many of the students enrolled in the Cleveland schools. The impact of an undereducated workforce not only affects wage levels, but the next generation of Cleveland school children. A recent analysis by the Plain Dealer of Northeast Ohio proficiency test scores found that the proportion of students receiving free or reduced-price lunches was “an almost certain predictor of test success” (p. 1B, June 17, 2001). It will be hard for many students to succeed, even in a much-improved school system, when their family income is so low.