



Minn-LInK Issue Brief No. 2, Summer 2006-

updated January 2007

Teens with Prior Child Protection System Involvement who Graduate from High School have Higher Wages than those who do not Graduate

Follow-up

A 2006 study of the high school graduation status of 387 older adolescents who had previous contact with the child protection system in Minnesota revealed a significant graduation gap between this group and all Minnesota high school graduates. The Center for Advanced Studies in Child Welfare at the University of Minnesota School of Social Work Minn-LInK project examined this graduation gap using administrative data. The graduation rate for these students was 47%.

To get a sense of the economic outcomes of these young adults, employment data was obtained for a period of more than two years after their senior year of high school on graduates and non-graduates from this cohort.

Literature

High school graduation is considered a foundation for economic well-being in adulthood. A number of economic studies have shown the strong relationship between earnings and education completion. Some of the highest wage payoffs are consistently shown to be associated with high school graduation - particularly when shown in contrast to the wages of those who do not obtain a high school diploma.

- Education has a causal effect on earnings with researchers estimating a 10% increase in earnings for every additional year of school completed (Rouse, 2005; Tyler & others, 2000).

- On average, high school graduates earn \$9,245 more per year than high school drop-outs (Doland, 2001).
- Students who do not complete high school tend to work less per year and make about half of what graduates earn. (Rouse, 2005)
- The tax contribution of those who do not graduate are estimated to be only 40% of those who do. (Rouse, 2005)

Earnings & Work Activity

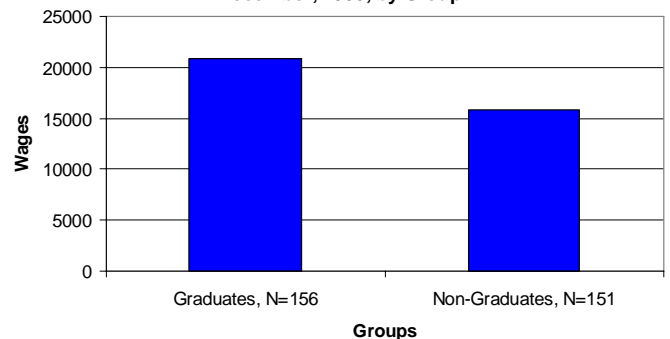
Consistent with other research that shows lagging earnings for young adults who do not graduate from high school, the original cohort of child welfare adolescent seniors who did not graduate by June, 2003 had significantly poorer economic outcomes when compared to those who did graduate.

In particular, over 27 months, non-graduates had

- Fewer calendar quarters of work,
- Worked fewer hours, and
- Earned lower average wages

than graduates in the same cohort.

Average Wages Earned for September, 2003 through December, 2005, by Group



Employment outcomes in general were significantly higher for graduates when compared to non-graduates with the exception of the number of jobs being worked over the study period. This indicates that graduates are working the same number of jobs as non-graduates, but working more regularly, for more hours, and for higher pay.

Graduates earned an average of \$20,846 over the study period (27 months) compared to an average of \$15,796 for non-graduates. Graduates worked an average of 7.4 calendar quarters over the nine quarter period, compared to 6.2 quarters for non-graduates and an average of 2,132 hours compared to 1,734 for non-grads. The differences

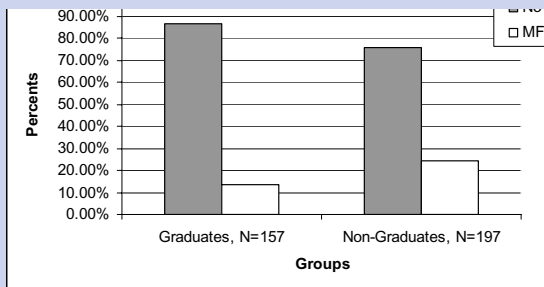


between means for wages, hours and number of quarters employed were statistically significant using ANOVA.

Public Assistance Program Use

Eligibility for public assistance programs (“welfare”) is income-based and the use of these programs is an indication of economic well-being. Data on these former students use of public assistance programs were analyzed for the period of September, 2003 through December, 2005. In most cases, there were no significant differences in the number of months of program use between graduates and non-graduates.

A significant difference did emerge when the type of public assistance program was examined. Rates of Minnesota Family Investment Program (MFIP) use were significantly higher for non-graduates than graduates.



Because eligibility for MFIP indicates the presence of children, this means these recent high school seniors were now parents.

Limitations

No GED program data was available on these students. Some among the nongraduates from the original study cohort may have earned their General Equivalency Degree by the time their earnings data was extracted. Other post-secondary data are also not available

Graduation Rates Similar with Replication

In an effort to determine whether the graduation results from the 2003 cohort was typical of other Minnesota adolescents who have contact with child protection, another cohort was selected using similar methods from a later time period. Examining all older adolescents who had contact with Minnesota’s child welfare system over the period of January, 2002 through May, 2004 and their educational status as of June, 2004 revealed a high school graduation rate of 46% (N=310). The graduation rate for 2003 seniors studied was 47%.

Policy Implications

This work reinforces previous work on the lagging employment outcomes of students who do not graduate from high school. Policy-makers interested in reducing the use of government programs and increasing revenues, should see the improvement of high school completion among at-risk youth as an important strategy in the long-term vitality of communities. Because high school graduation can be accurately predicted by attendance problems as early as first grade, strategies that improve school engagement of students in elementary years should be considered among the ways in which schools and communities can improve longer-term outcomes that affect adult earnings. Making educational progress a shared goal for which both schools and social service agencies have responsibility should improve the graduation outcomes of child welfare adolescents in Minnesota.

To read the original full report, visit the CASCW web site at <http://sww.che.umn.edu/cascw.html> and follow the link to Publications or Minn-LInK.

The Center for Advanced Studies in Child Welfare (CASCW) Minn-LInK is a resource for students, faculty, and policy-makers concerned about child welfare in Minnesota. Minn-LInK uses state administrative data from multiple agencies to answer questions about the impacts of policies, programs, and practice on the well being of children in Minnesota.

Minn-LInK provides a unique collaborative, university-based research environment with the express purpose of studying child and family well-being in Minnesota. For more information, contact Anita Larson at 612-626-3831 or email her at amlarson@umn.edu