

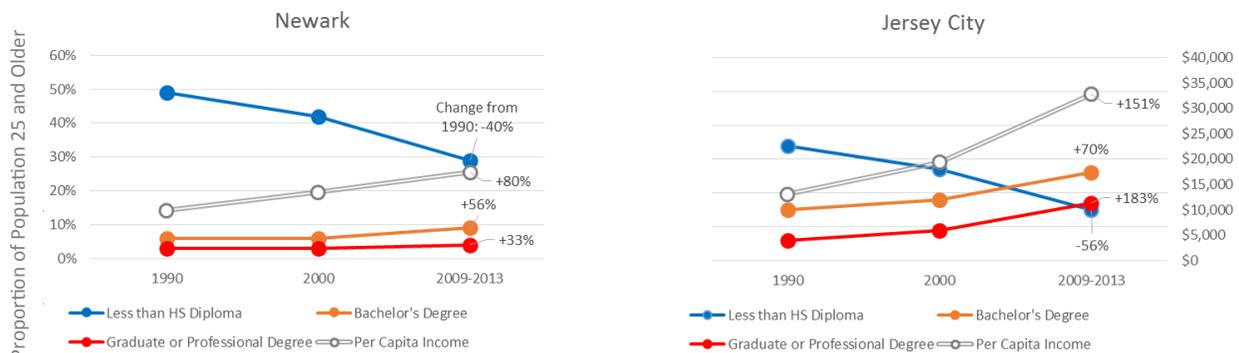
The Joseph C. Cornwall Center for Metropolitan Studies at Rutgers University-Newark is pleased to present "Map of the Week"—a weekly blog series designed to explore some of the community and economic development and social equity issues present in the Newark, New Jersey region through the use of maps and infographics. The Cornwall Center uses research and demonstration to address key urban and metropolitan problems in Newark and the surrounding region.

Exploring Educational Attainment in the Newark Region

December 22, 2015:

Education Provides Economic Benefits, but Disparities Persist

Chart 1: Growth of Selected Educational Attainment Levels and Per Capita Income



Data Source: U.S. Census Bureau Decennial Census 1990, 2000, 2009-2013 5-year A.C.S.

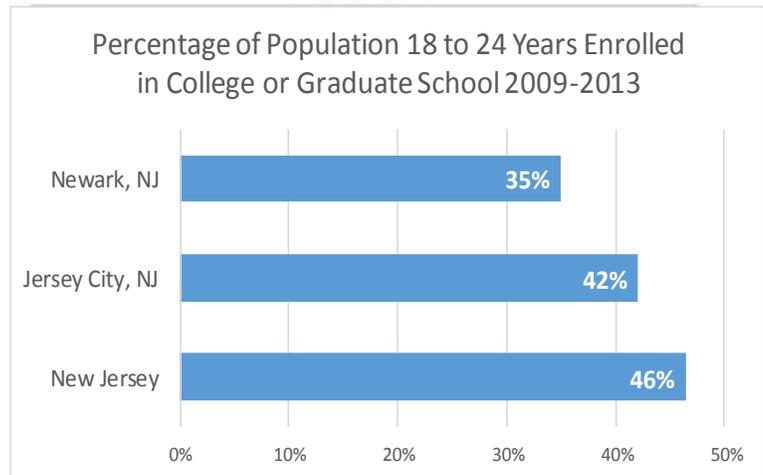
In this post we will explore some of the citywide and personal economic benefits associated with increased education. To gain a better understanding of how raising educational attainment rates can affect a city or community, we will revisit the chart from last week’s post showing the growth of different rates of educational attainment, with one added feature—growth of per capita income.

Chart 1 shows that while Newark experienced an impressive 80% rise in per capita income from 1990 to 2009-2013, its growth seems marginal compared to Jersey City’s nearly 200% increase. Along with its rise in the Bachelor’s Degree attainment rate, Jersey City’s dramatic increase in per capita income could also be attributed to the dramatic rise in the Graduate Degree attainment rate over the years. These results illustrate the point that rises in educational attainment coincide with rises in citywide economic outcomes, and that the highest levels of education can contribute more benefits.

The college-going rate of the prime college-aged population directly influences the overall rate of educational attainment in a city. Seen in Chart 2, a relatively low proportion of Newark residents 18-24 actually attend college or graduate school, compared to residents of the same age in Jersey City and the State of New Jersey as a whole. This may shed some light on Newark’s relatively low rate of college-degree attainment and the growth of such educational attainment.

Disparities in personal economic benefits associated with higher education exist by city of residence.

Chart 2: College-Going Rate of Prime College-Aged Population



Data Source: U.S. Census Bureau 2009-2013 5-year A.C.S

Understanding the disparity of benefits individuals receive from increased education may help us to understand the disparities of both educational attainment and economic outcomes we see at the citywide level. The table below shows the median per capita earnings of residents with different levels of education and reveals some striking disparities between the earnings of Newark residents and those of residents of Jersey City and the state at large.

Table 1: Differences in Median Per Capita Earnings by Level of Education Attained

Level of Education (Population 25+)	New Jersey	Jersey City, NJ	Newark, NJ	Newark % of NJ	Newark % of JC	\$ Increase from Previous Level: NJ	\$ Increase from Previous Level: JC	\$ Increase From Previous Level: Newark
Less than high school education	\$22,048	\$21,721	\$21,130	95.8%	93.7%			
High school graduate (includes GED)	\$32,659	\$28,878	\$26,180	80.2%	90.7%	+\$10,611	+\$7,157	+\$5,050
Some college or Associate degree	\$41,343	\$33,855	\$31,106	75.2%	91.9%	+\$8,684	+\$4,977	+\$4,926
Bachelor's Degree	\$61,021	\$57,994	\$39,156	64.2%	67.5%	+\$19,678	+\$24,139	+\$8,050
Graduate or Professional Degree	\$83,833	\$76,534	\$52,595	62.7%	68.7%	+\$22,812	+\$18,540	+\$13,439

Data Source: U.S. Census Bureau 2009-2013 5-year A.C.S

At every level of education, Newark residents earn less wages and salary from their jobs compared to median individual earnings seen at the state level and for Jersey City. Furthermore, the disparity found between Newark, the State of New Jersey, and Jersey City increases in nearly every instance of successive level of education attained. The greatest disparity in earnings of any education level shown here exists between Newark Graduate or Professional Degree holders and those at the state level, as Newark Graduate Degree holders earn just 63 cents for every dollar earned by typical Graduate Degree holders in New Jersey. Assuming a 40-year earning period and 5% annual earnings growth, a typical Graduate Degree holder living in Newark could expect to earn nearly **\$3,775,000** less than a typical New Jersey Graduate Degree holder over this period.

Also shown in Table 1, is the increase in annual earnings associated with successive levels of education. Here, too, Newark falls short of Jersey City and the state as a whole. In fact, the typical Jersey City resident would see three times the increase in annual earnings seen by a Newark resident who jumped from the some college or an Associate Degree level to the Bachelor's Degree level.

Knowing the differences between what the data in the table *is telling us* and what it *could be a reflection of* is important. The data *tells us* that, compared to their counterparts in Jersey City and typical New Jersey residents, typical Newark residents earn much less at their jobs, regardless of their education level. However, this *could be a reflection of* a number of things, including but certainly not limited to the possibility that there may be a limited number of high-paying job opportunities available for highly-educated Newark residents to fill. This may even be a further reflection of competition from other highly-educated job-seekers from outside Newark rather than an actual dearth in absolute number of jobs available. These possibilities are merely meant to be suggestive and are not intended to prove the definitive causes of the disparities in earnings.

The information in Table 1 may even serve as a window into why such disparities of college-going rates, and educational attainment rates overall, persist in Newark. Given the importance many prospective college students place on the possible return-on-investment of their desired degree, the small earnings increases (both in actual dollars and relative to others) that Newark residents typically realize when attaining higher levels of education may serve to dissuade them from continuing their education.

In order for disparities in citywide and personal outcomes related to higher educational attainment be overcome, connections must be understood.

There are likely many more financial, environmental, and socioemotional factors that serve to influence a potential college student's individual decision to enroll in postsecondary education. However, if for whatever reason, Newark residents are unable to secure jobs with significantly higher earning potentials upon completion of their education, they may be not be motivated to pursue higher degrees, or they may be motivated to relocate upon completion. Both outcomes contribute to a low rate of citywide educational attainment, and thus lower citywide economic outcomes.

Given that increased citywide and personal economic outcomes are realized with successively higher levels of education attained, degrees with higher earning potential could be advertised and targeted to community residents in order to more strategically increase the benefits of higher education. However, given such earnings disparities, it may also be beneficial to strategically connect highly-educated Newark residents to high-earning jobs in the city in a more proactive manner in order to motivate residents to attain higher education and stay in the city.

These posts are not meant to provide definitive prescriptions as to how to overcome disparities in educational attainment or the disparities seen in economic benefits provided by gains in educational attainment. Ideas presented herein are meant to provide a glimpse of educational attainment changes in our region, the disparities seen in regards to benefits associated with increased attainment, and an overview of how certain issues, such as the growth of attainment, college-going rate, and personal economic benefits received are all connected. The better the connections of such issues are understood, the more likely the disparities can be overcome.

Check back in January 2016 as we explore a new issue important to our region.

Author: John Manieri, AICP

Research, Analysis, and Technical Assistance: Chanel Donaldson, Dineth Correia