

Investing in public education earns high marks for greater upward mobility

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Investing in education may help boost economic opportunities for the next generation, according to a team of economists.

In a study, researchers suggest that investing in public education can lead to more upward economic mobility and lower [teen pregnancy rates](#), as well as provide a way to ease income inequality.

"It's something we've long suspected, but this study really confirms that there's a strong link between the quality of the schools you go to and the opportunities you have later in life," said Stephan Goetz, professor of agricultural and regional economics, Penn State and director of the Northeast Regional Center for Rural Development. "The better your school, the better your [economic opportunities](#)."

The study, which focused on public spending in education and returns from education, as well as taxation, indicated that communities that invested more in [education](#) had lower drop-out rates and fewer teen pregnancies.

The researchers, who released their findings in a recent issue of *Economic Development Quarterly*, added that reducing the high school [dropout rate](#) had nearly twice the beneficial effect on upward mobility as on reducing teen birth rates.

According to the researchers, poor school quality can lead to a cascade of economic and social ills. For example, the lower the [school](#) quality,

the higher the dropout rate, which can lead to higher numbers of teen pregnancies, said Goetz.

"Because the dropout rate negatively affects both [teen birth rates](#) and absolute upward mobility, this shows that [school quality](#) not only has short-term impacts on educational outcomes, but also has long-term impacts on children's success as adults," said Goetz.

The researchers also said that, often, the only way up economically for young people in rural communities is to move out.

"One finding—that rural young people rely on moving out of the area to move up in the income rankings—presents a challenge for policy makers who not only care about prosperity for people, but also for places," said Minghao Li, a former graduate student in rural agricultural, environmental and regional economics, Penn State, and now a postdoctoral researcher at Iowa State. "To be able to retain talented children, rural areas need to create high-skilled jobs and favorable environments for start-up entrepreneurs."

Mobility varies throughout the nation, according to the researchers. For example, [upward mobility](#) is higher in the Rocky Mountains and Plains regions and in portions of Oklahoma and Texas, while it is lower in the Northeast and Far West.

The researchers used data from federal income tax records, the Historical Database on Individual Government Finances, the Local Education Agency Finance Survey from 1991 to 2000, the American Community Survey from 2006 to 2010, and County Business Patterns.

Provided by Pennsylvania State University

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