Family matters

AT OUR VERY CORE

“We work to create a world in which families can prosper. We work to create communities in which they are safe, to help them if they fall ill, to improve their choice of jobs. And most important—our biggest responsibility—we work to help them make things better for the next generation by doing our part to educate children.” (Tennessee Governor Phil Bredesen, January 20, 2007)

The family and the education investment decision—
   a-benefits of investing in education
   b-factors affecting investments in education

Education and the role of gender and race
But when it comes to family, it goes beyond money —
   a-financial security and investment
   b-personal lifestyle choices
   c-the well-being of children
FAMILY

the education investment decision

Education is an investment in the future

The investment may be continuation of high school to the point of graduation, college attendance and graduation, or participation in a technical training program. Investing in education doesn't require formal schooling. For example, many participate in on-the-job training programs, acquiring skills that benefit both the worker and the employer. Similarly, individuals in the trades may learn much of what they know from working on the job site, which is their classroom.

The benefits of education investments include not only higher earnings but also greater economic security and a better quality of life for the worker and the family, both today and into the future. The evolving nature of the economy has made investments in education even more important than in the past. At one time, a high school degree was sufficient to open the door of economic opportunity. But this is no longer the case. Today, many heads of households with only a high school degree struggle to earn a living wage and provide for their family; even those with more advanced degrees find more competition than ever in the labor market. Many of the children who drop out from high school today have a bleak future in our society. Dropouts will find economic security to be elusive over the course of their working lives.

Decision-making over investments in education is often a team process within the family. In the traditional two-parent household, it is common for one spouse to work as another goes to school. The couple can pool their resources and together do what they might not be able to achieve alone. Families can also provide a nurturing environment for children, encouraging them to be curious and seek new knowledge. As we show in this chapter, there is strong evidence that parental support and nurturing provide significant benefits to the child. Families typically provide financial support for their children's schooling, but opportunity extends far beyond financial support.

Changes in the characteristics of the average American family may affect education investment choices and thus economic opportunity and quality of life. The number of stereotypical American families made up of 2 parents and 2 children has declined over the years. Single-parent households are becoming more common regardless of race, and these same households are typically financially constrained because there is only 1 bread winner. It is now less common for adults to have a spouse to help support education and training costs and to maintain a household. Lower household income also means less money to support the schooling of children. And a single working parent may have less time to spend nurturing the child’s educational growth.

School teachers and principals report that children in single-parent families have less homework supervision, less supervision at home, fewer parents volunteering in the schools, and more frequent discipline problems (Postsecondary Education OPPORTUNITY, 1994).
Two-parent households tend to enjoy higher levels of educational attainment and higher incomes than single-parent households. For example, 44% of two-parent households have at least one adult who holds a college degree; whereas only 33% of adults in single-parent households hold a college degree, as reported by high school students across the state (Fox, Kiser & Couch, 2006). On the other end of the scale, 13% of adults who head a single-parent household have less than a high school degree while the figure is just 5% for two-parent households.

Median income is much higher for married couples with children than for single-parent households with children. Census data show that for Tennessee married couples with children, median income in 1999 was $52,047. For male householders with no wife present in the home, median income was $26,932, but for women the figure was much lower still at $17,912.

**Factors affecting investments in education**

The decision on whether to invest in education can be viewed as a standard investment decision. One looks at the costs of the investment (e.g. tuition costs) and weighs these against the returns (e.g. higher income) that accrue over time. Once the rate of return is determined, one can decide whether the investment is viable or not by considering alternative investment strategies.

Here are some of the key factors affecting the decision to invest in more education:

- **Age**
- Out-of-pocket costs (e.g. tuition)
- Earnings potential
- Shortsightedness/myopia
- Ability
- Family circumstances, including employment status

**Age matters.** An older individual will have fewer working years than a young person will have to reap the benefits of the education investment. This is a basic reflection on how returns flow from an investment, just like a savings account.

The graph below helps explain this story — look at one of the lines for one of the attainment categories. Notice that it takes many years to move to the point on the line where annual earnings then reach their highest level. Even after the peak, average earnings tend to remain above the earnings that accrued while very young. Individuals who make education investments while young can enjoy a lifetime of relatively higher income as shown. This is one reason why it is important to encourage young people to invest in education. But older workers, e.g., 50 or older who loses their jobs, will have less incentive to invest since the payback period on the education investment will be shorter. This is one reason why it is often difficult to move older workers into formal education programs.

**Age matters: College grads consistently earn more than high school Grads over the lifecycle**

“There is considerable concern about single-parent families, particularly in relation to child well-being. First, such families, especially those maintained by women, have a high incidence of poverty. Second, it is believed that growing up in a family with only one adult may have long-term negative consequences for children, both economic and social” (Blau, Ferber & Winkler, 2002).
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“For someone earning the national median household income of $42,000, an extra year of training could provide an additional $4,200 a year. Over the span of a career, that could easily add up to $30,000 or $40,000 of present value. If the year’s education costs less than that, there is a net gain” (Bernasek, 2005, p. 1).

**Benefits of investing in education.** Greater investments in education yield substantial benefits to workers and their families. For the worker, education enhances earnings and reduces both the incidence and length of unemployment. (See also the *Prosperity* chapter of this book.) In addition, education investments increase job satisfaction, job security and quality of life. National data show the huge income premium that better educated individuals earn in the marketplace. For example, a person who graduated from high school earned $28,645 per year in 2005 compared with only $19,169 for someone who dropped out of high school (U.S. Census Bureau, 2005).

Earnings are not only higher, but individuals with more education also experienced rising incomes from 1967 to 2004. For example, a householder with a college degree saw income increase by 17% over this period. However, a householder with a high school education saw earnings decline by 7.9% (Postsecondary Education OPPORTUNITY, 2006).

*continued on page 110*

**Change in average annual income for families by educational attainment of householder, 1967–2004**

- **9th grade or less** declined by almost 8% from 1967 to 2004
- **Some H.S.** declined by 25.3%
- **H.S. graduate** declined by 7.9%
- **Some college** increased by 0.2%
- **College graduate** increased by 17.0%
- **Advanced degree** increased by 34.0%

Source: Postsecondary Education OPPORTUNITY, 2006.
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Factors affecting investments in education, continued from page 107.

“The policy drift since 1980 has led to the affordability of crisis for students from the bottom half of the parental income distribution, below about $62,240 (in 2004). It is this income range that minorities are disproportionately concentrated. While 42.6% of the white undergraduates have parental incomes below $62,240, the percentages are much higher for minorities” (Postsecondary Education OPPORTUNITY, 2006).

Out-of-pocket costs. Getting an education can be expensive. In college one has to pay tuition and fees, purchase textbooks and supplies, and perhaps borrow money for those and other expenses. Training in the trades will also require tuition payments, and there may be other costs like buying tools that support the trade. The higher these costs are the less attractive the education investment will be. Low interest rate student loans and state subsidized tuition for technical schools and college are examples of policies that are intended to encourage people to make education investments. Since both individuals and society benefit from an education, it makes sense to promote further investments.

“The federal Advisory Committee on Student Financial Assistance has estimated very conservatively that during the 1990s 1.0 to 1.6 million college-qualified students from low and moderate income families were denied a college degree due to price barriers” (Postsecondary Education OPPORTUNITY, 2006).

Tennessee has generally supported relatively low tuition rates for public colleges and universities. But tuition costs in our state and other states are rising rapidly. There are many reasons, but one important factor is the public’s general disdain for taxes. The nation as a whole has progressively scored lower in terms of college affordability. Over 40 states scored grade ‘F’ for college affordability in 2006 versus just 3 states in 2000 (Postsecondary Education OPPORTUNITY, 2006).

Tennessee ranked 10th since 2000 for the change in undergraduate tuition and required fees at state colleges and universities. Between 2003 and 2004 the change in tuition cost was $944, which was above the national average of $692.

The number of states (including Tennessee) with a failing grade for college affordability has increased since 2000

- 2000 = 3
- 2002 = 13
- 2004 = 36
- 2006 = 43

Source: Postsecondary Education OPPORTUNITY, 2006.
**Benefits of investing in education, continued**

Let’s bring the story closer to home. This figure shows the income stream of individuals who obtained their post-secondary education from a Tennessee institution of higher education. The returns on investments in education generally rise the more years one is out of college, regardless of the degree obtained (Fox, Couch & Thacker, 2007). Doctoral degree holders from Tennessee institutions, on average, earn well over $25,000 more per year than associate degree holders 7 years after leaving school. Tennesseans with a master’s degree earn about $38,000 on average while bachelor’s degree holders earn about $22,000 a year after leaving school.

Here is an alternative perspective on average earnings for Tennesseans in various educational attainment categories. Once again earnings can be seen to climb consistently with educational attainment while, at the same time, the unemployment rate tends to fall. Individuals with a bachelor’s degree earn well over twice per week what a high school dropout earns. At the same time, bachelor’s degree holders have unemployment rates that are less than one-half the rates of high school dropouts.
Earnings potential. The potential to earn more should encourage people to invest more in education. But people need to have good information on the returns from education generally, as well as the returns from specific degrees, occupations and training programs. Absent this information, individuals cannot make wise decisions about their futures. Young people in particular need to see early on in their lives how education can affect them over their lifespan.

As we show elsewhere, there are earnings differentials for different groups of society that may affect the education investment decision. For example, women tend to earn less than men in the marketplace. If everything else is the same, this makes investments in education less attractive to women since the rate of return will be diminished relative to men. However, it is still the case that women will earn more as they invest more in education.

Shortsightedness. Shortsightedness (or myopia) may diminish one’s motivation to invest in education. Those who are not especially forward looking—notably children—may make choices that compromise their long-term economic security. Dropping out of high school is a good example. Even adults may look too narrowly at the short run and avoid sound education investments. This shortsightedness provides another reason for society to play a role in encouraging education investments of all kinds.

Ability differences matter. An individual with a good work ethic, self discipline and high mental ability will likely see stronger returns in the form of better school performance and thus better job opportunities. Individuals with greater ability can be expected to make greater investments in education. But everyone can benefit from more education, not simply the most able. Even the least able in our society can do more with more education.

Family circumstances. A variety of personal and family circumstances can affect the education investment decision. Individuals with children to care for may be less likely to invest in education because of family obligations; going to school means someone else has to watch the kids, and this can be expensive. Individuals with stable jobs, even low-paying jobs, may be less likely to invest more in education because of their uncertainty about how new skills would be rewarded by the market and because there may be the need to take time off of work. Employer support for tuition and paid time off for schooling can help offset these disincentives. Single-parent households in particular may find that out-of-pocket costs are too high to allow education investments to take place. These same households may also lack the support network needed to help foster investments in education.

So Is education a good investment? You have already seen some of the numbers on earnings and unemployment rates that suggest there is a big payoff to education. Labor economists have used the investment framework sketched above to formally estimate rates of return to education investment. These calculations take into account the tuition and other costs associated with education investments and compare these to the income earnings stream people realize over their working lives. Here is a sample of the estimates of the rate of return from an additional year of schooling in higher education in the U.S.

<table>
<thead>
<tr>
<th>Study</th>
<th>Return from 1 additional year of schooling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miller et al.</td>
<td>6.4%</td>
</tr>
<tr>
<td>Ashenfelter and Kruger</td>
<td>8.4%</td>
</tr>
<tr>
<td>Behrman et al.</td>
<td>9.4%</td>
</tr>
<tr>
<td>Ashenfelter and Rouse</td>
<td>10.2%</td>
</tr>
<tr>
<td>Rouse</td>
<td>10.5%</td>
</tr>
<tr>
<td>Behrman and Rosenzweig</td>
<td>11.8%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>9.5%</strong></td>
</tr>
</tbody>
</table>


The average from these studies is 9.5%. This is a handsome rate of return when compared to alternative investments like certificates of deposit. And it’s a pretty safe investment as well.

“Almost two years ago—at age 50—I decided to go back to school. The business world in which I work measures success in degrees, and I did not have one. I had no opportunity for advancement or promotion in my company, and my managers knew I was not in demand at other companies without a degree. Knowing this, my employer had quite a bit of power over me. And I wanted my own power. I decided to start with an associate’s degree so that I could work in management, earn more money, and learn and use new skills in the future. While I would always encourage young people to further their education while they’re young, I would also tell my contemporaries: better late than never! The experience hasn’t been bad at all; in fact, as graduation nears, the sense of accomplishment far outweighs the time and effort I have exerted. So, I am glad I gave some thought and energy to my own higher education. It has been a good investment in my peace of mind.”

~ Associate’s degree candidate, age 52. Hendersonville, Tennessee
Gender and race. Gender and race have an important bearing on the rewards the labor market grants to the worker. These same personal characteristics may affect whether one pursues investments in education. Male and white workers across different levels of educational attainment earn more than female and black workers. These earnings gaps may generate a disincentive for education investments on the part of women and blacks since the rate of return on investments in education may be lower.

Male-female earnings differences are striking to say the least. Consider average wage and salary income. A female worker 25 years of age or older with a college degree earns, on average, $24,608 per year; but an adult male with the same level of attainment earns $49,239, a differential of 100% (U.S. Census Bureau). These differences reflect a host of different factors, including the types of jobs woman versus men hold in the market. Research has shown that when you take into account all of the factors that may affect earnings, including education and job experience, most of the differential vanishes. But an unexplained earnings difference of 9% in favor of males still remains (Blau & Kahn, 2004).

Male workers in Tennessee earn more than female workers with the same level of education

Noticeable gaps also exist in earnings across different races for people with similar levels of educational attainment. White workers are generally paid more than blacks. For example, a white worker 25 years or older with some college experience earns on average $29,926 per year versus a black worker who earns $24,589 (U.S. Census Bureau). But the evidence also shows that more education enhances the earnings of both whites and blacks.

Should a white or black individual attend college? Both would see substantial rates of return, and these returns should encourage young people to seek more education. The black student would see earnings rise by $4,831 while the white student would see a $6,973 gain. While both students would see a sharp increase in annual income, the return is smaller for the black student both in dollar terms ($4,831 versus $6,973) and relative to pre-college earnings. For the black student, the earnings increment is 24.5% of high school income (or $4,831/$19,758) while for the white student, it is 30.4% of high school income (or $6,973/$22,953).

**White workers earn at least 16% more than black workers across different educational attainment levels**
But when it comes to family, it goes beyond money

The evidence is pretty clear that workers who have more education also enjoy higher incomes, whether they are male or female, or black or white. But there are other important benefits the individual receives from more education. Some of these benefits have a material effect on economic well-being and security, while others reflect improved lifestyle. Here we consider the following financial security and investment issues: home ownership, technology and information, private health insurance, and imprisonment—all through the filter of how these issues affect our families.

Benefits of home ownership

Owning a home is often viewed as an important aspect of the American dream. Homeownership bestows many benefits on the household, especially children (Rohe et al., 2000; Realtor Magazine Online, 2006), like:

- Homeownership is positively associated with self-satisfaction and happiness.
- Individuals who own their home are typically more satisfied with their dwelling unit or place of residence.
- Homeowners have been found to possess higher self esteem.
- Better physical health and psychological health are linked to ownership.
- Children of homeowners are less likely to exhibit behavioral problems such as a bad temper, being argumentative, and feeling worthless.  
- Children of homeowners are less likely to have children while they are teenagers.  

Importantly, homeownership is associated with greater educational attainment among children. Children of homeowners are less likely to drop out of high school; and they perform substantially better cognitively, scoring higher on both reading and math tests (Rohe et al., 2000). In fact, research suggests that a leading benefit of homeownership could be increased educational attainment for children since this likely translates into higher earnings and increased homeownership in the future (Rohe et al., 2000).

The evidence indicates that as educational attainment increases in the U.S., so does the likelihood that individuals own a home. Similarly, as educational attainment increases, individuals are less likely to rent.

- Individuals with a bachelor’s degree are 15.2% more likely to own a home than those who have not completed high school.
- Household income plays a major role in the ability to purchase a home, and thus higher rates of poverty are associated with lower levels of educational attainment.
Children of homeowners are less likely to drop out of high school, and they perform substantially better cognitively, scoring higher on both reading and math tests (Rohe et al., 2000).

**Home ownership in Tennessee by household educational attainment levels**

Here are some numbers for Tennessee on homeownership by educational attainment category. With only a couple of exceptions, homeownership rates rise along with educational attainment (U.S. Census Bureau). Individuals with bachelor’s degrees have a 77.1% chance of owning a home, while those who have not graduated from high school have a lower chance of owning a home, at 68.9%. The likelihood of renting tends to decline with educational attainment. For example, 31.1% of householders with less than a high school degree rent versus only 22.9% of householders with a bachelor’s degree.

Educational attainment of households aged 25 and older who are home owners, Tennessee
Source: U.S. Census Bureau, Census 2000, Public Use Microdata, 5% Sample: Tennessee.
Information and communication are at the very heart of every piece of our lives. Exchanges take place through a person's social networks and through technology. A gap, known as the digital divide, exists between individuals who are able to benefit from technology and those who are not (DigitalDivide.org, 2007). It is a worldwide issue for underdeveloped countries that stand to be harmed to an even greater degree as the global environment develops more complex technology, but it is also a local issue for low-income families in the U.S. and Tennessee who may not be able to afford either the time or money it takes to access computers and the Internet.

The term “digital divide” has undergone several transformations since the early 1990s. Initially, digital divide referred simply to Internet access. But access (or the lack thereof) has taken a back burner as an issue, considering that most Americans can access the Internet in the library or at a wireless cafe. In fact, research (as well as public and private funding) is now focusing on the condition of that access (such as low-performing technologies versus broadband and the cost of necessary software versus open-access software) and on the user’s technical skills to utilize technology for his or her benefit. But, there are still people in many countries, as well as many Tennesseans, who do not have access to computers or the Internet; and this lack of access may hinder their ability to compete with those who do have access in terms of career opportunities, knowledge of current events, acquisition of information for informed purchasing, and more.

**World access and usage**

According to Internet World Stats, as of January, 2007, 1.1 billion people across the world currently have the capacity to use the Internet, which means they have access to the Internet and the basic skills necessary to use web technology (Internet World Stats, 2007). That is just 16.6% of the world population. Using the same definitions 69.4% of North Americans are currently using the Internet—of course that means that over 30% are not. In Tennessee, 65% of adults report having Internet access at home (Fox, Kiser & Couch, 2006).

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**Source:** Internet World Stats, 2007.

If I had a computer at home, I could
- create my budget in a spreadsheet
- type up my resume

If I had the Internet at home, I could
- email my granddaughter to see how her science test went today
- look for jobs in another city, state, or county
- post my resume for employers to see
- research the real value of that used car my neighbor wants to sell me
- spend more time at home and less time at work

High school students with access to the computer and Internet at home have plans for college

There are 77.9 million children in America. Nine million children are uninsured—about 11.6% of all American children (Children’s Defense Fund, 2007). Marian Wright Edelman, of the Children’s Defense Fund, called the problem a “national disgrace.” The crisis “not only costs lives of children and stress for families, but it also costs taxpayers money,” she added (Harris, 2007, p. 1).

**Private insurance**

The better job opportunities that go to the better educated provide an important bridge to private health insurance. In 2002, over 80% of Americans with a college degree were enrolled in a private insurance plan. For those with only a high school degree, the figure is 43% (MEPS, 2002). Nationwide nearly 26% of those with a high school degree or less were on a public health care program, and 31% did not have health insurance at all.

Further, uninsured rates are much higher for those with little education. For example, survey data from Tennessee show that 16.3% of adults with high school degrees or less are uninsured, compared to only 5.3% of adults with a bachelor’s degree (SSRI & CBER-UT, 2007). Public health insurance—TennCare in Tennessee—is relied on more heavily by the more poorly educated, particularly for children in household with low educational attainment levels; almost 50% of householders that have only a high school diploma have children on TennCare, compared to only 10.2% of householders with bachelor’s degrees or more.

![Private insurance is more accessible to college graduates than high school graduates](chart.png)

Imprisonment can have devastating consequences for the family. It means not only the loss of income, but also the loss of self esteem within the community (see adjacent box). In general, better educated people are less likely to serve time in prison. Fewer than 1% of prison inmates have a college degree while 54.2% have less than a high school degree. In fact, 92.6% of prisoners in the U.S. justice system have a high school diploma or less (U.S. Department of Justice, 2000).

For additional information about imprisonment and its effects on society, see Family at page 119 and Public Sector at pages 162–163.

**The less educated have a greater likelihood of being in prison than college degree holders**

A February report in *The Journal of Social Welfare and Family Law* (Vol 29 No 1) explores the problems families of prisoners face, including both the emotional and financial difficulties in their struggle.

Author Roy Light says, “This research has shown that the effects on the innocent families of prisoners—particularly children—can be very far reaching. The absence of a parent can cause emotional distress, educational problems and can lead to the break up of families. All these effects have negative consequences in society and can lead to further problems for the children as they grow up.” (University of the West of England, 2007, p. 1)

FAMILY

We all make choices—some good and some bad—that affect our own well-being and the well-being of those around us. Educational attainment has been linked to important differences in lifestyle choices. But how?

Why does education matter to these choices? Does the lack of education cause bad lifestyle choices? Would more education eliminate bad lifestyle choices? Education certainly contributes to making sound lifestyle choices, but no matter how much education we have, we will likely make some bad choices. But evidence shows that education makes a difference in lifestyle choices in at least three important ways. First, education provides a strong foundation for learning about and understanding the consequences of our choices. Second, since better educated people tend to have higher incomes, they may choose healthier lifestyles to protect their lifetime stream of income. Third, families with less education who are living in poverty may have fewer resources for learning about and combating lifestyle choices; they might also have limited access to medical resources.

On the next 4 pages of the Family section, we explore 7 common lifestyle choices and the role educational attainment plays not only in these choices but also in some of their outcomes.

Smoking

The lifestyle choices of adults affect the family in many ways. Smoking is a good example. Cigarettes may divert household spending away from necessities, lead to problems of second-hand smoke for others in the household, and diminish the health status of the smoker. Poor health status also may have economic consequences for the family in the form of reduced earnings and higher health care costs.

The evidence shows that better educated people are less likely to use tobacco products.

Those with a high school degree or less not only have a greater likelihood of smoking, but they also smoke more, an average of 5.5 cigarettes per day. Only about 12% of those with a college degree smoke versus 28% of those with a high school degree or less.

Smoking and motherhood. “The children of nonsmokers and more highly educated mothers consumed a diet that conformed more closely to current guidelines on healthy eating.

These dietary differences may contribute to the excess of ill-health observed in the children of smokers and of less-educated mothers” (Rogers, Emmett & ALSPAC Study Team, 2003, p. 854).
Smoking in high school is more prevalent in Tennessee than the rest of the nation with 27.6% of high school students as current smokers and almost 15% reporting frequent smoking. Each year 9,662 Tennesseans die as a direct result of cigarette smoking, representing more than 135,000 years of potential life lost.

According to the American Cancer Society, an additional 8.6 million people are suffering from smoking-related chronic conditions (Campaign for a Healthy and Responsible Tennessee, 2002).

A higher percentage of high school graduates smoke (and smoke more) than college graduates

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Smoker (%)</th>
<th>Non-smoker (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.S. and below</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Some college</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>College and above</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>


Self-assessment of well-being

A nationally representative survey shows that a higher proportion of better educated individuals assess themselves as having excellent or very good health status than do individuals with low educational attainment. In contrast, among those with lower attainment levels there is a greater share of individuals who say they are in poor health.

Outcomes like this may reflect of choices that affect health status directly, like smoking. But it is likely more than this. For example, with their higher earnings, better educated individuals have greater access to quality health care and greater access to facilities like health clubs that enhance their physical well-being. These may be some of the factors that contribute to the better health status of educated people.

Individuals with higher educational attainment give a better assessment of their health status

<table>
<thead>
<tr>
<th>Health Status</th>
<th>Excellent</th>
<th>Very good</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.S. and below</td>
<td>8.0</td>
<td>24.0</td>
<td>32.0</td>
<td>24.0</td>
<td>12.0</td>
</tr>
<tr>
<td>Some college</td>
<td>13.0</td>
<td>32.0</td>
<td>34.0</td>
<td>15.0</td>
<td>6.0</td>
</tr>
<tr>
<td>College and above</td>
<td>21.0</td>
<td>38.0</td>
<td>27.0</td>
<td>11.0</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Eating habits. Like smoking, eating habits are related to educational attainment. Educated individuals are likely more informed about the dangers of poor diets which contribute to health problems like diabetes and high blood pressure. About 20% of those with a high school degree or less are diabetic; for those with some college, only 15% are diabetic (HRS, 2002).

Individuals with a college degree exercise more

Exercise. Exercise has been shown to improve physical and emotional health. And the better educated tend to exercise more. More than one-half of people with a college degree exercise 3 or more times per week. But only 36% of people with a high school degree or less exercise at least 3 times per week.

Hypertension cases are more prevalent with low levels of education

Blood Pressure. The story is similar for high blood pressure. Only about 20% of those with a college degree have high blood pressure, compared to over 30% of people with a high school degree or less (USDA, 2000).
“Annual U.S. obesity-attributable medical expenditures are estimated at $75 billion in 2003 dollars, and approximately one-half of these expenditures are financed by Medicare and Medicaid” (Finkelstein, Fiebelkorn & Wang, 2004, Abstract).

A smaller percentage of individuals with a college degree or more are obese

Weight matters. Obesity has become a national concern because it is linked to a raft of health care problems. Educational attainment is associated with the likelihood of being obese. Those with only a high school degree, had about a 1-in-4 chance of being obese (HRS, 2002). Those with a college degree had odds of less than 1-in-5 for obesity in the same year. Forty percent of college graduates were of normal weight in 2002 compared to 30% of people with only a high school degree.

A person without a high school degree has a shorter life expectancy

Life Expectancy. The cumulative effect of all of our lifestyle choices will ultimately affect our life expectancy. You can probably anticipate the punchline already: individuals with more education enjoy a longer life expectancy. The average expected lifespan of a college degree holder is 1.8 years above the overall average life expectancy age of almost 81 years (Mirowsky & Ross, 2003). Individuals with less than a high school degree are expected to live for about 78 years, which is about 2.5 years below the average.
We have seen how education affects the earnings and well-being of adults. Children who have well-educated parents also enjoy a wide variety of benefits. They are more likely to attend college, pursue advanced education and training, and engage in healthier lifestyle choices. Better educated parents tend to offer a more nurturing environment in support of education.

**Parental income**

Parental income and educational attainment are clearly linked to the academic success of children. Here are some facts to put things in perspective (Postsecondary Education OPPORTUNITY, 2006). If parental income is in the top quartile (i.e., the top 25%) a child has a 92.5% chance of graduating from high school. However, if the parent’s income is in the bottom 25%, the chance of graduating from high school falls to 68.6%.

Even more strikingly, if your parent’s income was in the top 25% of the income distribution in 2005, there was a 72.6% chance that you would have graduated from college by the age of 24. The odds of graduating from college by age 24 slip to 12.3% if your parent’s income was in the bottom quartile. These numbers mean that a child in a family within the top income quartile is almost 6 times more likely to complete a bachelor’s degree by age 24.

And if you look at these numbers closely, you can see that children from high-income families are more likely to graduate from college than their low-income counterparts are to graduate from high school.

**Children from higher-income households enjoy higher educational attainment rates**

- Household in the top 25% income quartile
- Household in the bottom 25% income quartile

<table>
<thead>
<tr>
<th></th>
<th>% of children who graduate from high school</th>
<th>% of children who graduate from college by age 24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household in the top 25% income quartile</td>
<td>92.5%</td>
<td>72.6%</td>
</tr>
<tr>
<td>Household in the bottom 25% income quartile</td>
<td>68.6%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

Source: Postsecondary Education OPPORTUNITY, 2006.
Parent’s educational attainment

The educational attainment of parents is also linked to child likelihood of attending college. The children of parents with at least a bachelor’s degree had an 86% chance of attending college in 1996 while children of parents who have a high school degree or less had a 42% chance of attending college (Postsecondary Education OPPORTUNITY, 1999).

A Higher share of children who have well-educated parents attend college

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school or less</td>
<td>42.0%</td>
</tr>
<tr>
<td>Some college</td>
<td>67.0%</td>
</tr>
<tr>
<td>Bachelor’s degree and above</td>
<td>85.5%</td>
</tr>
</tbody>
</table>

Source: Postsecondary Education OPPORTUNITY, 1999.

“Like many other women in today’s world I am recently divorced at the age of 46. I chose to stay home for 22 years to raise my 3 children and support my husband who was a solider in the Army for 18 of those 22 years. I now find myself a student at Hopkinsville Community College. I attend classes on Fort Campbell. I soon realized that my ability to support myself was almost non existent. I had worked hard along side my husband to make him a better educated person so he would in turn take care of me.

Life is funny, I asked him to leave so it stands to reason that I now have to take care of myself. I like the feeling of being in school, learning new things, and meeting people of all ages. I thought I would feel different being older than some of my teachers. So far this college has been a positive experience. I am working part time and going to school full time. I am grateful that I can afford to do this.

If I could say just one thing to young women today it would be get an decent education, depend on no one, life has a way of not turning out the way we plan and a good education is not only a great example for younger women to follow, but it is something that can never be taken away from you for the rest of your life.

I will be a R.N. when I am finished school; I believe all the hard work will be worth it, but if I could turn back the hands of time I would have gone to school in my twenties.”

“This I Believe essay ©2005 Heidi Greenbaum. Reprinted by arrangement with This I Believe, Inc. To read and hear other essays, and to submit your own, visit www.thisibelieve.org.”
Many factors affect the performance of young people in high school. This chart shows several of these factors. Students with better educated parents generally have a more favorable attitude about their school assets, support from teachers and administrators, support in the home, their own interpersonal skills, and their problem solving skills.

**Percentage of Tennessee juniors and seniors with a favorable attitude about education-related factors, by parent’s level of educational attainment**

College preparatory and advanced placement tests facilitate the transition from high school to college and help reduce the time needed to complete a degree. High school students who have parents with no high school degree have less than a 30% chance of taking college preparatory and/or advanced placement courses. But if the parent is a college graduate, the odds rise to over 50%.

The more serious a student is about coursework, the better the student is likely to perform in the classroom. Unfortunately the data show that high schoolers generally don’t feel their coursework is relevant. Nonetheless, children with better educated parents do find the coursework to be more important than children from other households.
FAMILY

Percentage of Tennessee juniors and seniors making mostly A’s, by parent’s level of educational attainment

These Tennessee high school students get better grades when they have better educated parents. High school juniors and seniors with a college-educated parent report that they make A’s in their classes more than 40% of the time, but for students who have parents who never graduated from high school, only about 22% report receiving A grades. These results might reflect varying expectations for academic success, both on the part of the parent for their child and on the part of the child for him or herself. In fact, juniors and seniors in households with better educated parents have higher aspirations for their own schooling. For example, of those children whose parents had only a high school degree, 69% expressed an interest in a bachelor’s degree compared to 82% for children with parents who hold a bachelor’s degree.

Children from households with well-educated parents have higher aspirations for their own educational attainment

We seldom hear the phrase “digital divide” anymore in reference to the gap in access to computers and the Internet. (See also pages 116–117, technology and information.) There are substantial differences in Internet access for children from Tennessee households with poorly educated parents versus well educated parents. The differences are striking. If the parent is a college graduate, about 9 out of 10 children will have Internet access. This slips to fewer than 6 out of 10 children if the parent has not graduated from high school.
Out-of-pocket costs have an important bearing on whether one continues schooling. In Tennessee, parents with more education invest more in their children’s education. The Tennessee College Savings (529) Plan is one of the channels parents may use to encourage further investment in education by their children. This increases the likelihood of their children being debt free after college, and thus makes it less expensive for children to invest more in education.

Only 10.3% of contributors to a 529 Plan have only a high school diploma or its equivalent. In contrast, 34.5% of contributors hold a bachelor’s degree. Individuals with a bachelor’s degree, on average, contribute about twice as much to 529 College Savings Plans as those who have a lower attainment status.

“In 2005, 14.8 million, or one in five children, lived in one of 7.1 million low-income working families.... Low-income working families often face barriers to finding good jobs and achieving financial success. These barriers prevent them from ensuring that their children get the opportunities they need to help them become successful adults. Improving access to health care, child care and education and training are among the policy interventions that are key to improving the lives and futures of working families.”

Annie E. Casey Foundation, 2006, Number 3
The health status, social well-being and lifestyle choices of children can be affected by the choices parents make and by parental educational attainment. Researchers at the University of Wisconsin have catalogued a wide array of benefits that accrue to society from having an educated population (Wolfe & Haveman, 2001). Included on this list are a number of benefits to children that follow from having better educated parents:

- Enhanced cognitive development.
- Higher likelihood of graduating from high school.
- Better child health status, including lower infant mortality rates, lower rates of low birth weight babies and higher vaccination rates.
- Lower teen pregnancy rates when the mother has at least a high school education.

Next, we share a few more examples with a bit greater detail.

Studies have shown a connection between the educational attainment of parents and the likelihood that children in the household smoke. For example, one study from Australia found a link between the educational attainment of the mother and the chances that the child will end up smoking by the age of 14. This study took into account other family circumstances, including family income (Lawlor et al., 2005).

Another study focused on teenagers in Massachusetts. This study also found evidence that parental education was important. As the authors note, “The risk of adolescent smoking increased 28% with each step down in parental education...” (Soteriades & Difranza, 2003, p. 1155).

Children may not always like getting help from their parents with their homework. But there is evidence that this support helps children, including outside of the classroom. For example, only 13.7% of children aged 12 through 17 who have parents who commonly help with their homework have ever experimented with illegal drugs. In contrast, 32.0% of children who have parents who never offered homework help have taken drugs.

A similar story applies to alcohol use. When parents help with their child’s homework on an ongoing basis, there is only a 33.4% chance that the child will experiment with alcoholic beverages. But if the parent has never helped with the child’s homework, the odds of using alcohol jumps to 61.0%.
A survey of Tennessee Families First participants showed strong evidence of the potential generational impact of educational attainment on welfare participation. In 2005, approximately 35% of Families First adult caretakers did not graduate from high school and did not hold any other certification or diploma. Almost half (46%) of their parents were also on welfare and one-third had grandparents on welfare (CBER-UT, 2006b).

“Greater exposure to welfare is significantly associated with children’s poorer educational attainment. The adverse effect appears to reflect the large negative effect of exposure to welfare during adolescence” (Ku & Plotnick, 2003, p. 151).

The Centers for Disease Control and Prevention (CDC) reported that the infant mortality rate in the U.S. was 6.84 for each 1,000 live births. Different demographic groups of the population display different infant mortality rates. It is interesting that infant mortality rates are higher for mothers born in the U.S. than mothers who were born in other countries. Mothers who smoked cigarettes generally had a higher incidence of infant mortality. For all mothers, the infant mortality rate for women who smoked was 11.25 and the rate for non-smoking mothers was 6.59%. The pattern was similar for all broad groups of the population.

Maternal educational attainment has also been linked to infant mortality rates by the CDC (Mathews & MacDorman, 2006). With the exception of the lowest attainment category, infant mortality rates decline as the education of the mother increases. The CDC speculates that this reflects the fact that most women in this category were born outside the U.S. where infant mortality rates are lower than for native born mothers.

“Research shows that when younger adolescents give birth, they are less likely to complete high school and more likely during their lives to have a larger number of children than are non-parenting teens. Children born to younger teen mothers may also experience poorer health outcomes, lower educational attainment, and higher rates of adolescent childbearing themselves when compared to children born to older mothers” (Advocates for Youth. n.d.).
Most arguments for reducing poverty in the United States, especially among children, rest on a moral case for doing so—one that emphasizes the unfairness of child poverty and how it runs counter to our national creed of equal opportunity for all.

But there is also an economic case for reducing child poverty. When children grow up in poverty, they are more likely as adults to have low earnings, which in turn reflect low productivity in the workforce. They are also more likely to engage in crime and to have poor health later in life. Their reduced productive activity generates a direct loss of goods and services to the U.S. economy. Any criminal acts that occur impose large monetary and other personal costs on their victims and on the taxpayer for administering our huge criminal justice system. And their poor health generates illness and early mortality that require large health care expenditures, impede productivity, and ultimately reduce their quality and quantity of life.

In each case, we reviewed a range of rigorous research studies that estimate the average statistical relationships between growing up in poverty, on the one hand, and one's earnings, propensity to commit crime, and quality of health later in life, on the other. We also reviewed estimates of the costs per person that crime and poor health per person impose on the economy. Then we aggregated all of these average costs per poor child across the total number of children growing up in poverty in the United States to estimate the aggregate costs of child poverty to the U.S. economy. We had to make a number of critical assumptions about how to define and measure poverty, what level of income to use as a non-poverty benchmark, and which effects are really caused by growing up in poverty and not simply correlated with it. Wherever possible, we made conservative assumptions, in order to generate lower estimates.

Our results suggest that the costs to the United States associated with childhood poverty total about $500 billion per year, or the equivalent of nearly 4 percent of GDP. More specifically, we estimate that childhood poverty each year

- Reduces productivity and economic output by about 1.3 percent of GDP;
- Raises the costs of crime by 1.3 percent of GDP; and
- Raises expenditures on health and reduces the value of health by 1.2 percent of GDP.
FAMILY references

Introduction


The education investment decision

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The role of gender and race

But when it comes to family, it goes beyond money


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**The well-being of children**


