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Lack of Well-Educated Workers Has Lots of Roots, No Quick Fix

By DAVID WESSEL
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It's a mystery. With all the energy devoted to expanding prekindergarten programs, leaving no K-12 child behind, improving community colleges and sweetening aid for college students, how can the U.S be short of educated workers?

The shortage is evident from this fact: Employers are paying the typical four-year college graduate [without graduate school] 75% more than they pay high-school grads. Twenty-five years ago, they were paying 40% more.

Employers insist on ever better-educated, skilled workers. So this is partly a story about demand. But it is also about supply. The stock of educated workers isn't increasing fast enough to keep up with rising demand.

"This is the first generation of American-born men who don't have substantially more education than their fathers' generation," says Lawrence Katz, a Harvard University labor economist. American women do have more schooling than their mothers, but that's not sufficient to offset what's going on with men.

At the start of the 20th century, most Americans received only eight years of education. Over the next 20 years, as electricity and other technologies increased demand for skills, the American high school was transformed from an institution for the few to a school for the masses. By the end of the 1920s, more than half of all teenagers in the U.S. were going to high school.

"If we'd seen a college movement like the high-school movement, we'd expect half of young Americans to graduate from college. Instead, it's more like 30% or 35%," says Mr. Katz, who is finishing a book with colleague Claudia Goldin on the history of education, technology and wages.

By age 30, Americans born in 1925 had 10.9 years of schooling on average. At the same age, Americans born in 1950, the baby boomers, had 13.2 years. Among today's 30-somethings, those born in 1975 have 13.9 years of schooling on average. That's up a bit, but the quality and quantity of educated workers isn't growing nearly as fast as it did in the past nor as fast as it needs to if the fruits of today's prosperity are to be widely shared.

Other countries aren't standing still. In 1991, observes Harvard economist Susan Dynarski, only Canada and Finland had a higher share of young people with college degrees. The latest Organization for Economic Cooperation and Development data show more than a dozen countries have equaled or surpassed the benchmark achieved by the U.S. in 1991 -- and six have a higher share of 25- to 34-year-olds with college degrees. [Belgium, Canada, Ireland, Japan, Korea and Sweden.]

The shortage of educated workers doesn't fully explain the widening of the gap between the U.S.'s economic winners and losers. Something else is going on, too. This dynamic doesn't

reveal much about why the incomes of the top 1% are climbing so much. Nor does it explain why some college grads do so much better in the job market than others. And it's worth remembering that wages of the average worker with a four-year degree and no graduate work haven't kept up with inflation in recent years; on average, only those with graduate degrees have beat inflation.

But how come the stock of educated Americans is growing so slowly? The birth dearth that followed the baby boom is one cause. Smaller cohorts mean fewer workers; even if a higher percentage of high school grads start college, the overall number is restrained by the demographics.

Another cause is the appalling fact that roughly one in five American 18-year-olds hasn't graduated from high school. With some ups and downs, that's been stubbornly true for the past four decades. Ms. Goldin, who leavens number-crunching with volunteer tutoring at a local high school, speculates that one virtue of the American education system -- there's always a second chance -- may be a vice. "The second chance means teenagers aren't going to push themselves. They'll do it later," she says. But they don't.

And there's this: About two-thirds of new high-school graduates are in college the following fall, but many drop out before completing even a two-year degree or a certificate. The 2000 U.S. Census shows that 43% of those between ages 22 and 34 who report any college attendance didn't get any degree; 13% didn't even finish a single year of college, Ms. Dynarski calculates.

Despite frequent assertions by advocates for one solution or another, there is no one sure cure for this. If only we got more kids into high-quality pre-K, it wouldn't be enough. If only we improved K-12 education, it wouldn't be enough. If only we got more teenagers to finish high school, it wouldn't be enough. If only we guided more community-college students to get marketable skills or to transfer to four-year schools, it wouldn't be enough. If only we made student aid better and easier to navigate so more Americans could finish four-year college degrees, it wouldn't be enough.

We have to do them all.

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