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Educating for Growth

Leveraging Educational Attainment to Drive Long-Term Urban Economic Productivity

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Key Takeaways

- Education and training are the basic methods of building worker skills and thus of increasing workforce productivity, an essential factor for a growing, healthy economy.
- We analyze four education-based programs that help individuals earn degrees and certifications, learn skills and begin careers: 12 for Life, The Kalamazoo Promise, Road to Hire and Re: Degree.
- The highlighted initiatives are tailored to their local communities and industries, but they share approaches to upskilling people through educational attainment.
- Their successes, both achieved and potential, come from a focus on economic goals and strong cross-sector collaboration with business owners and educational leaders.

Executive Summary

This white paper explores how targeted educational initiatives support regional economic growth. With four case studies — 12 for Life, The Kalamazoo Promise, Road to Hire and Re: Degree — we analyze educational programs with proven or potential positive spillover effects for local economies.

Key findings include measurable gains in workforce readiness, economic mobility and community revitalization. Recommendations emphasize the importance of forming strong partnerships, engaging in cross-sector collaboration and offering sustained and comprehensive services that focus on the challenges and opportunities specific to local communities.

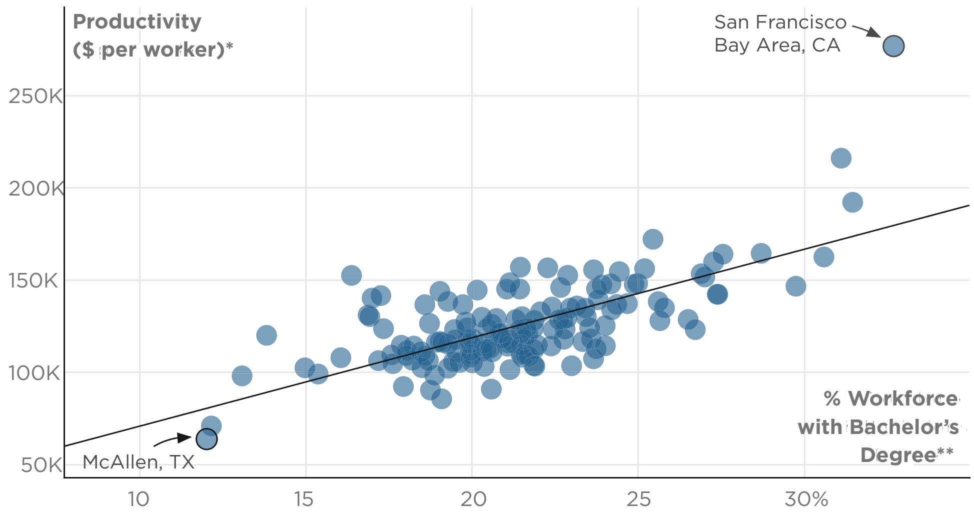
Introduction

The Empowering American Cities project examines the country's many microeconomies, finding dramatic variance in economic growth between regions. These disparities largely result from differing rates of growth in the size and productivity of the workforce. Our analysis shows that faster growth comes from an expanding workforce, with relatively large portions employed in high-productivity — and, ideally, growing — industries.

Certain Extended Metropolitan Areas (EMAs) — economically interconnected areas as defined by Empowering American Cities and which often encompass multiple counties — have grown their workforces in recent years, but demographic trends and immigration changes suggest that this growth will be difficult to achieve for many in the near future. Some EMAs will benefit from in-migration, but this will most likely come at the cost of out-migration from other regions, reflecting what is increasingly a zero-sum game from a national perspective.

Raising a workforce's productivity, on the other hand, is a positive-sum goal, one that political, business and civic leaders universally aspire toward. Defined as output per worker, productivity depends on the skill level of workers, and it is a crucially important metric of economic health. Education and training are the basic methods of building worker skills and thus the vital tools for increasing workforce productivity. Our analysis shows the positive relationship between the portion of an EMA's workforce with bachelor's degrees and the EMA's overall productivity (see Figure 1). Meanwhile, academic research has established that greater educational attainment is associated with higher lifetime earnings for individuals (see Figure 2).

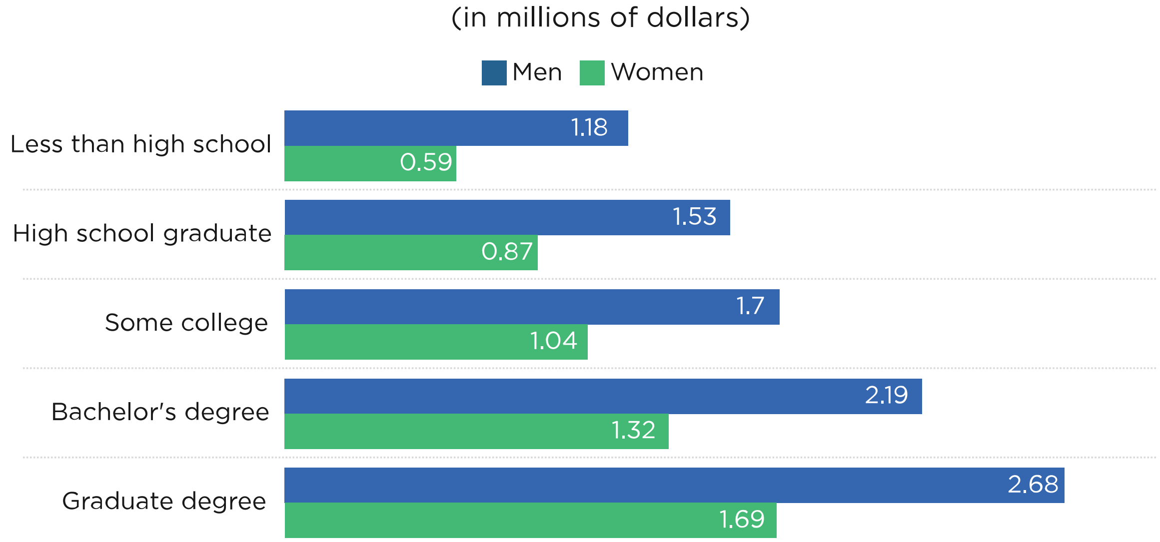
Figure 1: Productivity Powered by Educated Workers



Metropolitan areas with higher shares of bachelor's degree holders tend to have higher productivity.

**Real GDP per employee*
***EMA employment share of bachelor's degree or higher*
Source: Kenan Institute's calculation

Figure 2: Estimated Net Lifetime Earnings by Educational Attainment



Source: Tamborini, Christopher R., Changhwan Kim, and Arthur Sakamoto. 2015. "Education and Life Earnings in the United States." Demography 52: 1383-1407.

Beyond education's direct boost to productivity, the prevalence of bachelor's degrees promotes an EMA's economic growth to levels "greater than the sum of the parts" through knock-on and downstream effects. These fundamental factors make up an area's Embedded Local Growth Characteristics, the structural traits that determine an EMA's long-term economic potential. We are not suggesting that bachelor's degrees are the only path to boosting workforce productivity — there are many valid pathways to skills development — but degree attainment is a useful proxy for all pathways of skill development, in part because data on degrees are readily available.

In the past, many would have viewed education as beyond the purview of business leaders. Yet as workforce growth has slowed in recent years, the business community has become increasingly focused on talent development. We argue that business and economic leaders must work to foster better educational outcomes, both for their own talent needs and also to promote broader prosperity.

There is ample evidence showing educational attainment's positive impacts on innovation, advanced technology uptake and process improvements at the firm level. Yet education-based skill sets are more than mere luxuries. Using educational programs to reskill and upskill employees is necessary for companies to retain their competitive edge as artificial intelligence technologies advance and automation makes inroads across industries.

This paper examines four innovative programs that aim to address the challenge of building a skilled workforce through education-based pathways. One promotes high school graduation, another drives college enrolment, a third helps disadvantaged youths earn college degrees and begin high-paying careers, and a fourth strives to improve degree completion rates.

These initiatives represent distinct approaches of promoting skill attainment through education, which in turn boosts workforce productivity and economic growth. We must emphasize, though, that there are other ways of leveraging education to accomplish these ends that are not covered in our handful of case studies.

This report provides thumbnail sketches of each examined program, and more information can be obtained by following the links to the initiative websites. Our examination's methodology includes qualitative and quantitative analysis of program outcomes, stakeholder engagement and alignment with broader economic development goals.

Case Study 1: *12 for Life*

Background/Challenge

In 2022, there were 2.1 million high school dropouts (16- to 24-year-olds neither in school nor holding a high school diploma or equivalent) in the U.S., according to the National Center for Education Statistics.[1] NCES points to a difficult path for those without this minimal level of educational attainment:[2] higher unemployment, reduced earnings, worse health outcomes and a higher probability of being institutionalized. Young workers without a high school diploma tend to lack the skills and job readiness needed to thrive in a rapidly advancing economy, making them less employable and more likely to endure insecurity associated with employment, income and housing.

Southwire, a domestic manufacturer of industrial grade wire, equipment and tools, witnessed this skills gap problem in its own backyard. The privately owned company, which employs roughly 9,000 workers worldwide, found that the challenge of an unskilled talent pool was most acute around many of its U.S. plants, starting with its headquarters in Carrollton, GA. The town of about 26,000 is the seat of Carroll County, a mostly rural area 45 miles west of Atlanta on the Alabama border. Twenty-five years ago, the county of around 117,000 had a startlingly low high school graduation rate: Nearly one-third of Carroll County's high school students dropped out.[3] Southwire executives viewed this as both a social problem and a workforce challenge.

Strategies Implemented — Solution

Before developing a plan, the company first studied the issue, looking for the root causes of the dropout crisis. The Southwire team learned that the primary reason for Carroll County students dropping out was the need for students living in poverty to work and earn an income to assist their families. How could students stay in school while also contributing to family income?

Southwire developed a solution called 12 for Life,[4] which it launched in 2007. The program, developed in conjunction with the Carroll County School

[1] nces.ed.gov/fastfacts/display.asp?id=16

[2] nces.ed.gov/programs/dropout/intro.asp

[3] cityleadership.harvard.edu/wp-content/uploads/migrate/BHC-LI_CrossSector_0000MC.pdf

[4] https://12forlifecarrollga.schoolinsites.com/

System, integrates employment opportunities with education. To jump-start the initiative, Southwire built a facility dedicated as a dual school and factory that included safety modifications in the production equipment. Students were selected from among those deemed to be at risk of dropping out, and the only hard requirement was to pass a drug test. The curriculum was modified to have a greater focus on engineering, practical skills like personal financial management, and higher-order skills (e.g., punctuality and teamwork). Students attended four hours of class daily and worked for pay for four hours across three shifts, gaining both academic support and job experience. Earnings were slightly above minimum wage, with "bonus" wages earned for perfect attendance and for meeting production targets.

Outcomes

The 12 For Life model has been so successful that other school districts including Florence, AL, and Richmond County, GA, have replicated it.[5] Since the program's inauguration, 3,300 enrolled students have earned their diplomas.[6] The Georgia program's principal, Joel Grubbs, chronicles the impact on graduation rates: "The graduation rate for all students within the Carroll County School System has increased from 65% to 97%, and from 55% to 86% for economically disadvantaged students."[7]

While a clear victory for students and the school district, 12 for Life also benefited Southwire by expanding the company's talent pipeline. Of the 55 graduates in the Class of 2024, 39 are being considered for hire at Southwire.[8] As workers in training in the program, the students contributed measurably to the health of the company. These students were 30%-40% more productive than the company's traditional hires, and the initiative was already paying for itself within three months of a cohort's enrollment, according to a study by the Bloomberg Harvard City Leadership Initiative. Southwire has historically reinvested these profits back in the program.[9]

Case Study 2: *The Kalamazoo Promise*

Background/Challenge

In 2005, Kalamazoo, MI, faced stagnating economic growth, a shrinking population and declining public-school enrollment. The city's workforce lacked adequate postsecondary credentials, undermining its ability to compete in an increasingly knowledge-driven economy. Meanwhile, the rising cost of college and the prospect of long-term debt hindered educational attainment in the workforce.

Strategies Implemented — Solution

Launched in 2005, The Kalamazoo Promise[10] introduced a universal scholarship program offering up to 100% tuition coverage for graduates of Kalamazoo Public Schools attending any public college or university in Michigan. Funded by anonymous donors, the program removes major

[5] 12forlifecarrollga.schoolinsites.com/fromtheprincipal

[6] www.southwire.com/blogs/carrollton-commencement-2024

[7] 12forlifecarrollga.schoolinsites.com/fromtheprincipal

[8] southwire.com/blogs/carrollton-commencement-2024

[9] cityleadership.harvard.edu/wp-content/uploads/migrate/BHC-LI_CrossSector_0000MC.pdf

[10] https://www.kalamazoopromise.com/

financial barriers to higher education without income or merit requirements by covering tuition and mandatory fees.

To be eligible for the program, students need to have spent all four years of high school in the Kalamazoo Public Schools, and scholarship recipients need to be enrolled full time and maintain a 2.0 GPA.

Beyond merely paying tuition, The Kalamazoo Promise is focused on preparing its enrollees for promising careers. The program's Higher Promise initiative engages regional businesses, connecting these companies with Promise Scholars so that the students can kick-start their careers through paid internships.

Outcomes

The W.E. Upjohn Institute for Employment Research, a Michigan think tank, documented many of The Kalamazoo Promise's achievements in 2022 following the program's 16th anniversary.[11] Among the outcomes:

- Promise Scholars are 14% more likely to enroll in college and 23% more likely to enroll in four-year degree programs compared with an estimated baseline.[12]
- Students are 25% more likely to earn a bachelor's degree within six years.
- Only 16% of Kalamazoo public school graduates lived within five miles of the community before The Kalamazoo Promise. By 2021, that number was 49%.[13]
- Students are 28% more likely to earn some sort of credential within six years of high school graduation.
- Graduates carry less educational debt than their national counterparts.

The Kalamazoo Promise appears to have directly improved Kalamazoo's population characteristics. Until the COVID-19 pandemic, which led to population outflows, Kalamazoo had reversed decades of population decline, growing both its general population as well as school enrolment. Families of Kalamazoo public school graduates are more likely to stay in the town, and home ownership rates of Kalamazoo public school graduates have risen.

The Kalamazoo Promise has inspired many other "place-based" scholarships, according to the Upjohn Institute. Since the program's start, others like the El Dorado Promise in El Dorado, AR; Say Yes to Education in Syracuse, NY; and Michigan's statewide Promise Zones adopted similar scholarship models to improve college enrollment and boost local economic development. Each initiative tailors its approach to the needs of the community with a focus on cultivating and retaining local talent.[14]

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[11] upjohn.org/research-highlights/kalamazoo-promise-turns-16-what-we-know-about-programs-outcomes

[12] Timothy J. Bartik, Brad Hershbein and Marta Lachowska Journal of Human Resources, January 2021, 56 (1) 269-310; DOI: https://doi.org/10.3368/jhr.56.1.0416-7824R4

[13] McMullen, Isabel and Brad J. Hershbein. 2021. "Beyond Degrees: The Kalamazoo Promise and Workforce Outcomes." Employment Research 28(3): 1-4. https://doi.org/10.17848/1075-8445.28(3)-1

[14] politico.com/magazine/story/2014/04/kalamazoo-copycats-how-a-big-idea-went-viral-105364/

Case Study 3: *Road to Hire*

Charlotte, NC

Background/Challenge

More than 4 million teens and young adults in the U.S. are neither in school nor working. The cost of college, which has increased eight times faster than wage growth since 1989, has become prohibitively expensive for many families. For individuals from disadvantaged backgrounds, the financial and knowledge resources needed to even apply for postsecondary degrees and certifications are out of reach. Young Americans who lack adequate resources do not have access to educational paths that yield the skills necessary to meet their abilities and professional ambitions.

Individuals without the skills and credentials available through higher education and training earn far less, on average, than those with four-year degrees or formal training certification. In 2024, the median weekly earnings for high school graduates were $946, compared with $1,533 for bachelor's degree holders, according to the Bureau of Labor Statistics. Meanwhile, a 2019 Lumina Foundation survey of 50,000 working Americans without four-year degrees found that those holding a training certificate had a "median annual income of $45,000, versus $30,000 among those who lack such a credential."[15] These disparities lock disadvantaged youths in an intergenerational cycle of low wages and financial hardship.

Charlotte, NC, is home to seven Fortune 500 companies and the country's second-largest banking hub behind only New York City, but its youth poverty rate is about 14%, slightly above the national average.[16] More than half of Charlotte-Mecklenburg Schools are Title I, those receiving federal funding to support economically disadvantaged students. A 2014 study found that, in Charlotte, a child born into a family in the bottom quintile of the national income distribution has a 4.4% chance of one day reaching the top quintile, representing the lowest intergenerational mobility in the study's sample of the country's largest 50 commuting zones.[17]

Since then, Charlotte's government and civic leaders have worked to improve the city's intergenerational mobility. A 2024 follow-up study found that Charlotte's standing in this regard had jumped from 50th to 38th on the list — a meaningful improvement, yet indicative of more work to be done.[18]

Strategies Implemented — Solution

One of those solutions is Road to Hire[19], a Charlotte-based nonprofit launched in 2013, which aims to help teens and young adults in the area excel through secondary and postsecondary education, gain skills and thrive in high-paying careers. Starting in high school classrooms, R2H teaches students career-oriented, technical skills for class credit. Some students are then eligible for R2H's scholarship program, which underwrites four years of college tuition in majors associated with high-paying careers — e.g., business, science and technology-related subjects.

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[15] https://www.luminafoundation.org/resource/certified-value/

[16] https://www.cischarlotte.org/our-impact/

[17] Chetty, R., Hendren, N., Kline, P., & Saez, E. (2014). Where is the land of opportunity? The geography of intergenerational mobility in the United States. Quarterly Journal of Economics, 129(4), 1553-1623.

[18] https://qcitymetro.com/2024/07/26/economic-mobility-up-date-charlotte-chetty/

[19] https://www.roadtohire.org/

A steadfast presence in its students' crucial learning years, R2H employs a comprehensive approach to professional empowerment, one that is also flexible and formed to fit individual needs. Its program helps high schoolers with college planning, career planning, academic advising and tutoring. In making connections with employers and academic institutions, R2H positions its students among a network of mentors, teachers, job trainers, advisers and peers that helps guide individuals through the paths best suited to their interests, abilities and ambitions.

R2H also helps its sponsored students place into summer jobs with partner employers. These months on the job in between semesters serve as paid internships in which students report to a manager, gain important skills and begin their professional careers before they even graduate. With sponsorship from the city of Charlotte and Mecklenburg County, R2H also offers these internships to an expanded pool of applicants, including those who are not participating in the organization's college program. These individuals are typically placed with information technology companies, where they receive on-the-job training and attain core industry skills.

Outcomes

The nonprofit serves over 1,700 students and gave away around $5 million in scholarships in 2024 alone. Since R2H focuses on placing its students and trainees in high-paying careers, the return on investment for these individuals is exceptionally high, and demand for R2H's services is booming. R2H partners with five of Charlotte's seven Fortune 500 companies, and it is in talks with the remaining two. To scale up from scores to hundreds of students per cohort would mean a commensurate increase in dedicated resources, along with curriculum development, expanded job matching and broadened coordination efforts — challenges that R2H plans to meet head-on.

Case Study 4:
Re: Degree
Spartanburg, SC

Background/Challenge

Nationally, "39% of first-time, full-time bachelor's degree seeking students do not complete their degree program within 8 years," according to the Education Data Initiative.[20] Compared with graduates, college dropouts have lower earnings potential as well as the burden of repaying student debt.

The dismal statistics cited by the group include:

- 43.1 million Americans were college dropouts as of July 2023; only 1,009,237 of them reenrolled that fall.
- College dropouts make an average of 35% less income than bachelor's degree holders.
- College dropouts are almost twice as likely to be unemployed as any degree holder.

With a population of roughly 369,000, Spartanburg County, SC, is home to 48,000 adults that have some college experience but no degree. Seeing how the county's educational gap constrained economic

[20] educationdata.org/college-dropout-rates

mobility, business and civic leaders in the area are addressing the limited supply of college-educated talent, a problem that limits investment and growth.

Strategies Implemented — Solution

Launched in April 2024, Re: Degree[21] helps adults reenroll in postsecondary education, providing resources that remove barriers to degree completion.

Only 18 months since it began, the program has not yet been the subject of academic studies, but a conversation with its director, Erin Smith, provided insights into the program's achievements so far. Spartanburg had tested similar initiatives going back over a decade, yet Re: Degree is, more than other efforts, built for long-term success because of its generous funding from the local economic development authority and nonprofits as well as its individual focus and processes. The program primarily partners with local educational institutions and helps enrollees obtain not only traditional degrees but also "high value certifications," notably teaching certificates.

Employing a pragmatic approach, Re: Degree guides students to programs and degrees that have practical value. Some of their guidance is informed by meetings with potential employers and analysis of labor market data. The program engages with a broad array of industries to diversify its network of potential employers. To find enrollees, Re: Degree employs a Family Educational Rights and Privacy Act-compliant firm to reach out to local individuals who have dropped out of college. Anyone interested in joining the program simply fills out an online form and is contacted by one of the program's "College Navigators."

Smith believes that the program's use of these Navigators is a key factor driving its success to date. Unlike advisers provided by the educational institutions, Re: Degree's College Navigators provide "neutral navigation," acting purely as advocates for the student, all the way through graduation. This advocacy includes supporting students who wish to enroll in a school for which they are better suited.

Re: Degree also aims to keep students out of debt. Among its financial initiatives, the program advances tuition payments that are paid back through employer tuition reimbursement programs. In some instances, when financial aid falls short, Re: Degree makes small cash grants to help students complete their degrees.

To meet the program's goal captured in its tagline, "Helping you finish what you started," Re: Degree must help its enrollees overcome a sense of shame over not having completed college. The initiative reframes an incomplete education as a narrative in progress, rather than a failure, giving students the skills and support needed to move ahead in their careers.

[21] https://www.redegreespartanburg.com/

Outcomes

The program draws a distinction between "reengagement" (the start of the process — filling out a form to be assigned a navigator) and reenrollment, with a focus to increase reengagement numbers since, as Smith observed, "reenrollment can take years." The statistics so far are promising.

Re: Degree boasts more than 1,000 reengagements driven by direct outreach and marketing campaigns, including highway billboards and information booths at local football games. The program has the goal of 5,000 reengagements over the next five years. Some 695 individuals have begun the process of reenrolling and 119 have successfully reenrolled. It is early in the process to finalize these counts, yet the numbers suggest a "conversion" rate of 17% compared with a 2% national conversion rate for similar initiatives.

Conclusion

There are many ways to help individual Americans attain skills to employ in productive careers, and these featured case studies reflect the diversity of such initiatives and reveal common themes in their successes. Operating in distinct geographies, each with their own community needs, industry stakeholders and educational institutions, the programs we describe have shared goals and similar approaches. All four initiatives start with individualized modes of engagement, meeting potential enrollees where they are. For instance, 12 for Life researched why their local high schoolers were dropping out before implementing a plan to help this cohort by addressing their individual needs.

These programs also offer sustained, comprehensive services, operating with the understanding that their constituents often need assistance in more than one area. All the initiatives give enrollees financial assistance, and they also provide advice, mentorship and practical help managing application processes. The programs give their students and trainees valuable information and access to social services while building their confidence to navigate new spaces and experiences.

Based on an understanding of business needs, these initiatives maintain economic goals, aiming to help individuals begin well-paid, fulfilling careers while boosting local and regional economies. To accomplish these goals requires strong partnerships and relationship building. The programs must connect students and trainees with employers, which means maintaining relationships with stakeholders over many years.

These education-based programs indicate that investing in educational attainment is a high-return strategy for cities seeking to build resilient economies and for individuals who want to learn skills and advance careers.

Scaling any specific local program nationwide is challenging, as each initiative is tailored to local communities, contexts and industries. Yet these case studies exhibit shared approaches to upskilling people through educational attainment that could be replicated throughout the country. Empowering American Cities highlights the importance of building a more skilled and productive workforce, a key feature of a productive, prosperous and equitable future.

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